Loan Agreement

(Indonesia Infrastructure Guarantee Fund Project)

between

REPUBLIC OF INDONESIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated November 19, 2012
LOAN AGREEMENT

Agreement dated November 19, 2012, 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 General Conditions (as defined in the Appendix to this Agreement) 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 General Conditions or in the Appendix to this 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 twenty nine million six hundred thousand United States Dollars (US$ 29,600,000), 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 this Agreement ("Project").

2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this 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. The Borrower shall pay the Front-end Fee not later than 60 days after the Effective Date.

2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Variable 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 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 Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (e) of the General Conditions.

2.05. The Payment Dates are March 15 and September 15 in each year.
2.06. The principal amount of the Loan shall be repaid in accordance with the provisions of Schedule 3 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 unwound, to an Approved Currency;  
(ii) a change of the interest rate basis applicable to: (A) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; or (B) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread or vice versa; or  
(C) all of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and (iii) the setting of limits on the Variable Rate or the Reference 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 or the Reference 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 General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

ARTICLE III — PROJECT

3.01. The Borrower declares its commitment to the objective of the Project. To this end, the Borrower shall cause the Project to be carried out by IIGF in accordance with the provisions of Article V of the General Conditions and the Project Agreement.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE BANK

4.01. The Additional Event of Suspension consists of the following: any of the IIGF Regulations have been amended, suspended, abrogated, repealed or waived so as
to affect materially and adversely the ability of IIGF to perform any of its obligations under the Project Agreement.

4.02. The Additional Event of Acceleration consists of the following: the event specified in Section 4.01 of this Agreement occurs.

**ARTICLE V — EFFECTIVENESS; TERMINATION**

5.01. The Additional Condition of Effectiveness consists of the following: the Subsidiary Loan Agreement has been executed and delivered on behalf of each of the Borrower and IIGF.

5.02. The Additional Legal Matters consists of the following:

(a) The Subsidiary Loan Agreement has been duly authorized by the Borrower and is legally binding upon the Borrower in accordance with its terms.

(b) The Subsidiary Loan Agreement and the Project Agreement have each been duly authorized by IIGF, and is each legally binding upon IIGF in accordance with its respective terms.

5.03. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

**ARTICLE VI — REPRESENTATIVE; ADDRESSES**

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

6.02. The Borrower’s Address is:

Directorate General of Debt Management
Ministry of Finance
Gedung Frans Seda
Jalan Dr. Wahidin No. 1
Jakarta 10710
Indonesia

Cable address: FINMINISTRY45799
Facsimile: (21) 381 2859
Jakarta
6.03. 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: Facsimile:
INTBAFRAD -202-477-6391
Washington, D.C.

AGREED at Jakarta, Indonesia, as of the day and year first above written.

REPUBLIC OF INDONESIA

By

Authorized Representative

Name: Robert Pakpahan

Title: Expert Staff of Minister of Finance on State Revenue With Full Mandate as DG of Debt Management

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Authorized Representative

Name: [Signature]

Title: Acting Country Director
SCHEDULE 1

Project Description

The objective of the Project is to strengthen the Indonesia Infrastructure Guarantee Fund as a single window institution to appraise infrastructure public private partnership projects requiring government guarantees.

The Project consists of the following parts:

Part 1. WB-Supported IIGF Guarantees

Supporting IIGF in issuing WB-Supported IIGF Guarantees for qualifying WB-Supported IIGF-projects.

Part 2. Technical Assistance

Provision of technical assistance to develop IIGF's institutional capacity to: (a) screen, appraise and supervise IIGF-projects as a single window for all guarantees for infrastructure PPPs in Indonesia; (b) manage its operations; (c) build capacity in Contracting Agencies, Sponsors and other relevant parties; (d) develop standardized documents and procedures for Contracting Agencies, Sponsors and other relevant parties to use in preparing IIGF-projects and require the use of such documents and procedures in order for PPPs to receive IIGF Guarantees; and (e) support PPP preparation activities, including feasibility studies, transaction advisory support, and other activities.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Subsidiary Loan Agreement

1. To facilitate the carrying out of the Project by IIGF, the Borrower shall make the proceeds of the Loan available to IIGF under a Subsidiary Loan Agreement between the Borrower and IIGF, on terms and conditions agreed among the Borrower, IIGF and the Bank, which shall include:

   (a) denomination in Rupee; and

   (b) the obligations of IIGF to: (i) make payment to the Borrower of a front-end fee in an amount equal to the Front-end Fee specified in Section 2.03 of this Agreement; (ii) make repayment to the Borrower of the proceeds of the Loan over a period consistent with Section 2.06 of this Agreement; and (iii) make payment to the Borrower of interest on the Withdrawn Loan Balance at the Bank Indonesia Policy Rate for Rupee plus 1%; and (iv) ensure that the Project is carried out in accordance with all of the provisions of the Loan Agreement and the Project Agreement applicable to IIGF.

2. The Borrower shall perform its obligations and exercise its rights under the Subsidiary Loan Agreement and as a shareholder of IIGF in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Project. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, alter or waive the Subsidiary Loan Agreement or any of its provisions.

B. Institutional and Implementation Arrangements

1. The Borrower shall cause IIGF to remain at all times the Project Implementing Entity.

2. The Borrower shall cause IIGF to implement the Project in accordance with IIGF’s obligations under the Project Agreement, including, but not limited to the following:

   (a) to adopt, and thereafter implement in all of its operations (including, but not limited to WB-Supported IIGF-projects), the Operations Manual, which consists of, among other things, the Environmental and Social Management Framework, Resettlement Policy Framework and
Indigenous Peoples Planning Framework, in each case in a manner acceptable to the Borrower and the Bank; and

(b) to issue each WB-Supported IIGF Guarantee only after receipt of a written no-objection by the Bank with respect thereto and only in accordance with Annex 1 to the Schedule to the Project Agreement; and

(c) IIGF may from time to time amend, suspend, abrogate, repeal or waive provisions of the Operations Manual with the prior written agreement between IIGF and the Bank.

3. The Borrower shall ensure that no proceeds of the Loan shall be used to finance any IIGF Guarantee except WB-Supported IIGF Guarantees for which the Bank has provided its prior written no-objection in accordance with Annex 1 to the Schedule to the Project Agreement.

4. In the event of any conflict between the provisions of this Agreement and the provisions of any one or more of the Project Agreement, the Operations Manual or the Subsidiary Loan Agreement, the provisions of this Agreement shall prevail.

C. Anti-Corruption

The Borrower shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines and the corporate governance chapter of the Operations Manual.

D. Environmental and Social Safeguards

The Borrower shall cause IIGF to: (1) implement the Environmental and Social Management Framework, Resettlement Policy Framework and Indigenous Peoples Planning Framework referred to in the Operations Manual with respect to all of its operations (including, but not limited to, any WB-Supported IIGF-project and any Technical Assistance Activity); and (2) provide to the Bank, on a timely basis as part of each Project Report, a report on the status and performance of the implementation of the Environmental and Social Management Framework, Resettlement Policy Framework and Indigenous Peoples Planning Framework.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

1. The Borrower shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General
Conditions and on the basis of the indicators agreed with the Bank. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Bank not later than forty-five (45) days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Borrower shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Borrower shall cause IIGF to prepare and furnish to the Bank as a part of the Project Report not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Bank.

3. The Borrower shall have or cause to have the Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six months after the end of such period.

Section III. Procurement

A. General

1. Goods, Works and Non-consulting Services. All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. Consultants’ Services. All consultants’ services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.

3. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.
B. **Particular Methods of Procurement under Part 1 of the Project.**

1. The Borrower shall cause IIGF to ensure that with respect to each WB-Supported IIGF-project under Part 1 of the Project, procurement shall be carried out in accordance with: (a) paragraph 1.5 of Section I and Section 3.18 of the Procurement Guidelines; and (b) paragraph 1.8 of Section I and Section 3.14 of the Consultant Guidelines.

2. For each IIGF-Project (including but not limited to each WB-Supported IIGF-Project), IIGF shall assess the capacity and review of the procedures of the Contracting Agency to ensure that its procurement is carried out in accordance with the principles of economy and efficiency with due attention to the cost, quality and timeliness of the procurement process.

C. **Particular Methods of Procurement of Goods and Non-consulting Services for Part 2 of the Project.**

Goods and non-consulting services for Part 2 of the Project shall be procured under contracts awarded on the basis of Shopping.

D. **Particular Methods of Procurement of Consultants’ Services for Part 2 of the Project.**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants’ services for Part 2 of the Project shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

2. **Other Methods of Procurement of Consultants’ Services.** The following methods, other than Quality and Cost-based Selection, may be used for the procurement of consultants’ services for those methods specified in the Procurement Plan: (a) Selection based on Consultants’ Qualifications; and (b) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants.

E. **Review by the Bank of Procurement Decisions for Part 2 of the Project**

The Procurement Plan for Part 2 of the Project shall set forth those contracts which shall be subject to the Bank’s Prior Review. All other contracts shall be subject to Post Review by the Bank.
Section IV.  Withdrawal of Loan Proceeds

A. General

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the “World Bank: Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan (“Category”), the allocation of the amounts of the Loan 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 Loan Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) WB-Supported IIGF Guarantees under Part 1 of the Project</td>
<td>25,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Consultants’ services, non-consulting services and goods under Part 2 of the Project</td>
<td>4,600,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>29,600,000</td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

   (a) from the Loan Account until the Bank has received payment in full of the Front-end Fee; or

   (b) for payments made prior to the date of this Agreement except that withdrawals up to an aggregate amount not to exceed US$2,300,000 equivalent may be made for payments made prior to this date but on or after July 19, 2012, for Eligible Expenditures under Category (2) in the table in Section IV.A of this Schedule.
2. Special Provisions with Respect to Withdrawals under Category (1) (WB-Supported IIGF Guarantees under Part I of the Project) in the table in Section IV.A of this Schedule.

(a) Notwithstanding any other provision of this Agreement, IIGF (and not the Bank) shall remain solely and exclusively liable to the WB-Eligible Guaranteed Party for the payment of any Claim under any WB-Supported IIGF Guarantee.

(b) The Borrower may submit an application for withdrawal under Category (1) in the table in Section IV.A of this Schedule for payment of a Claim with respect to a particular WB-Supported IIGF Guarantee provided that the Bank has received documentation, satisfactory to the Bank, that:

(i) IIGF has received a Claim against the WB-Supported IIGF Guarantee which, at the time of its issuance by IIGF, was duly designated as such and to which designation the Bank had agreed in writing to such designation, in accordance with the requirements of Annex 1 to the Schedule to the Project Agreement; and

(ii) IIGF has: (1) properly assessed such Claim in a manner satisfactory to the Bank in accordance with the Operations Manual and including, without limitation, the Claims Assessment Framework; and (2) the final approving authority of IIGF, as set out in the Operations Manual, shall have determined and documented in writing satisfactory to the Bank that such Claim is duly payable in accordance with the terms of the WB-Supported IIGF Guarantee against which such Claim was made.

(c) An application for withdrawal submitted by the Borrower to the Bank in accordance with this paragraph 2 may request direct payment by the Bank to the authorized WB-Eligible Guaranteed Party. Any such payment shall be:

(i) limited to the amount that, at the time of the application for withdrawal, is equal to the difference between the amount allocated from time to time to Category (1) in the table in Section IV.A of this Schedule less any previous withdrawals under this paragraph 2 for payment of a Claim properly made and assessed against a WB-Supported IIGF Guarantee;

(ii) subject to the provisions of Annex 2 to the Schedule to the Project Agreement; and
(iii) without prejudice to the rights of the Bank under Article VII of the General Conditions.

(d) In the event that the Unwithdrawn Loan Balance allocated from time to time in Category (1) in the table in Section IV.A of the Schedule 2 in the case of withdrawal pursuant to paragraph 2 of Section IV.B of Schedule 2 to the Loan Agreement is insufficient to pay in full any Claim validly made against a WB-Supported IIGF Guarantee, then IIGF shall remain solely and exclusively responsible for the payment of the difference between the amount of such Claim and amount of Loan proceeds so available.

3. The Closing Date is March 1, 2018.
SCHEDULE 3

Amortization Schedule

1. Subject to the provisions of paragraph 2 of this Schedule, the Borrower shall repay each Disbursed Amount in semiannual installments payable on each March 15 and September 15, the first installment to be payable on the nineteenth (19th) Interest Payment Date following the Maturity Fixing Date for the Disbursed Amount and the last installment to be payable on the thirty-fourth (34th) Interest Payment Date following the Maturity Fixing Date for the Disbursed Amount. The following table sets forth the percentage of the Disbursed Amount payable on each Principal Payment Date:

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share (Expressed as a Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>First</td>
<td>5.16%</td>
</tr>
<tr>
<td>Second</td>
<td>5.29%</td>
</tr>
<tr>
<td>Third</td>
<td>5.42%</td>
</tr>
<tr>
<td>Fourth</td>
<td>5.56%</td>
</tr>
<tr>
<td>Fifth</td>
<td>5.70%</td>
</tr>
<tr>
<td>Sixth</td>
<td>5.84%</td>
</tr>
<tr>
<td>Seventh</td>
<td>5.98%</td>
</tr>
<tr>
<td>Eighth</td>
<td>6.13%</td>
</tr>
<tr>
<td>Ninth</td>
<td>6.29%</td>
</tr>
<tr>
<td>Tenth</td>
<td>6.44%</td>
</tr>
<tr>
<td>Eleventh</td>
<td>6.61%</td>
</tr>
<tr>
<td>Twelfth</td>
<td>6.77%</td>
</tr>
<tr>
<td>Thirteenth</td>
<td>6.94%</td>
</tr>
<tr>
<td>Fourteenth</td>
<td>7.11%</td>
</tr>
<tr>
<td>Fifteenth</td>
<td>7.29%</td>
</tr>
<tr>
<td>Sixteenth</td>
<td>7.47%</td>
</tr>
</tbody>
</table>

2. If any one or more installments of principal of the Disbursed Amount would, pursuant to the provisions of paragraph 1 of this Schedule, be payable after September 15, 2034, the Borrower shall also pay on such date the aggregate amount of all such installments.

3. The Bank shall notify the Loan Parties of the amortization schedule for each Disbursed Amount promptly after the Maturity Fixing Date for the Disbursed Amount.
4. Notwithstanding the provisions of paragraphs 1 through 3 of this Schedule, in the event of a Currency Conversion of all or any portion of a Disbursed Amount 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.
APPENDIX

Section I. Definitions

1. "Affected Person" means a person who, on account of the execution of an IIGF-project, has experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such person must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person. "Affected Persons" means, collectively, all such Affected Persons.


3. "Articles of Association" means the Articles of Association of IIGF in effect as of the date of this Agreement, and as the same may be amended from time to time, provided that the Bank shall have provided no objection in writing to any amendment that may materially and adversely affect the ability of IIGF to perform any of its obligations under the Project Agreement.

4. "Bank Indonesia" means Bank Indonesia, the central Bank of the Borrower, or any successor thereto.

5. "Bank Indonesia Policy Rate" means the policy rate reflecting the monetary policy adopted by Bank Indonesia and announced to the public from time to time.

6. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

7. "Claim" means an eligible claim made by a beneficiary of an IIGF Guarantee to IIGF under its respective IIGF Guarantee Agreement, and which is received, processed and determined by IIGF to be payable in accordance with the Operations Manual and the relevant IIGF Guarantee Agreement. "Claims" means more than one Claim.

8. "Claims Assessment Framework" means IIGF’s claims assessment framework, dated August 2011, consistent with the Operations Manual and acceptable to the Bank, as such framework may be revised from time to time by IIGF with the prior agreement of IIGF and the Bank.

10. "Contracting Agency" means any Local Government, line ministry or other agency of the Borrower, as defined under the applicable regulations of the Borrower and responsible for an IIGF-project. "Contracting Agencies" means more than one Contracting Agency.

11. "Environmental and Social Management Framework" or "ESMF" means the Environmental and Social Management Framework issued by IIGF, dated April 27, 2012 and acceptable to the Bank, included in the Operations Manual, meeting the requirements of Section 1.E of Schedule 2 to this Agreement and paragraph 1 of Section 1.F of the Schedule to the Project Agreement, and including the requirements for the Resettlement Policy Framework, each Resettlement Action Plan, the Indigenous Peoples Planning Framework, and each Indigenous Peoples Plan, as such ESMF may be revised from time to time by IIGF with the prior written agreement of IIGF and the Bank, and such term includes any schedules or annexes to such framework.

12. "Environmental Management Plan" or "EMP" means each environmental management plan for each IIGF-project, setting forth the measures to be taken during the implementation of such IIGF-project to eliminate or offset adverse environmental impacts of such implementation or to reduce such impacts to acceptable levels, and setting forth the actions needed to implement such measures, to be prepared and implemented by the relevant Contracting Agency and/or Sponsor, as applicable, and in each case meeting the requirements set out in the Environmental and Social Management Framework, in the case of a WB-Supported IIGF-project, acceptable to the Bank, as such plan may be revised from time to time by IIGF in accordance with the Environmental and Social Management Framework, and in the case of any WB-Supported IIGF-project, with the prior written agreement of IIGF and the Bank. Such term includes any schedules or annexes to such plan. "Environmental Management Plans" or "EMPs" means more than one EMP.

13. "Environmental Safeguards Specialist" means the specialist engaged by IIGF, pursuant to Section III of Schedule 2 to this Agreement, with terms of reference acceptable to the Bank and IIGF, and retained until completion of the Project to provide expertise on environmental assessment and implementation of IIGF-projects in accordance with the Operations Manual and the Environmental and Social Management Framework.


16. “IIGF” and “Indonesia Infrastructure Guarantee Fund” means PT. Penjaminan Infrastruktur Indonesia (Persero), a limited liability company formed under the laws of the Republic of Indonesia pursuant to Government Regulation No. 35/2009 and wholly owned by the Republic of Indonesia.

17. “IIGF Guarantee” means a guarantee provided by IIGF pursuant to an IIGF Guarantee Agreement in accordance with the Operations Manual and the IIGF Regulations (and includes, but is not limited to, the WB-Supported IIGF Guarantees). “IIGF Guarantees” means more than one Guarantee.

18. “IIGF Guarantee Agreement” means any contract of guarantee between IIGF and a Guaranteed Party (and includes, but is not limited to, the WB-Supported IIGF Guarantee Agreements). “IIGF Guarantee Agreement” means more than one IIGF Guarantee Agreement.

19. “IIGF-project” means each PPP: (a) which is located within the territory of the Borrower; (b) in respect of which IIGF has undertaken appraisal in accordance with the Operations Manual; (c) that is an infrastructure project eligible under Presidential Regulation No.67/2005 as amended by Presidential Regulation No. 13/2010 and Presidential Regulation No. 56/2011, or subsequent amendment; (d) which utilizes a PPP structure or such other contractual arrangements in which contract or contracts is/are awarded as part of a competitive and transparent process; (e) which complies with the provisions of the Operations Manual; and (f) in respect of which IIGF has issued an IIGF Guarantee. “IIGF-projects” means more than one IIGF-project.

Infrastructure Guarantee in Cooperation Projects between the Government and Business Entities.

21. "Indigenous Peoples" means those social groups in Indonesia that have a distinct social and cultural identity, and that are susceptible to being disadvantaged in the development process affected by an IIGF-project or any part thereof as follows:
(a) masyarakat adat (customary law communities) based on lineage or locality and bound by customary law with characteristics including: (i) self identification as a distinct indigenous cultural group; (ii) collective attachment to ancestral territories and to the natural resources in the territories; and (iii) customary cultural, economic, social, or political institutions; and (b) Komunitas Adat Terpencil (KAT) (Isolated and Vulnerable communities), a category of customary law communities designated by the Borrower that live in isolated areas with characteristics including: (i) collective attachment to ancestral territories and to the natural resources in the territories; (ii) customary cultural, economic, social, or political institutions; (iii) an indigenous language; (iv) having a subsistence economy; (v) using simple tools and technology; (vi) having a high dependence on the environment and local natural resources; and (vii) having restricted access to social, economic, and political services.

22. "Indigenous Peoples Plan" or "IPP" means, for any IIGF-project, the plan prepared by the Contracting Agency or Sponsor, as applicable, in accordance with the Indigenous Peoples Planning Framework and, in the case of each WB-Supported IIGF-project, acceptable to the Bank, giving details of the rules, guidelines and procedures needed to: (a) involve Indigenous Peoples, through a process of free, prior and informed consultation, in the design and implementation of each IIGF-project in locations in which such people reside or make their living and affect them; and (b) design and implement measures to provide benefits which are socially and culturally acceptable to them, and reduce, mitigate and offset adverse impacts of the IIGF-project, as such plan may be revised from time to time by IIGF in accordance with the IPPF and, in the case of each WB-Supported IIGF-project, with the prior written agreement between IGF and the Bank. Such term includes any schedules or annexes to such plan. "Indigenous Peoples Plans" or "IPPs" means more than one IPP.

23. "Indigenous Peoples Planning Framework" or "IPPF" means the Indigenous Peoples Planning Framework, included in the Environmental and Social Management Framework and the Operations Manual acceptable to the Bank and adopted by IIGF, setting out: potential impacts of the Project on Indigenous Peoples; plans for Contracting Agencies/Sponsors for carrying out social assessment for each IIGF-project; a framework for ensuring free, prior, and informed consultations with the affected Indigenous Peoples communities on the design and implementation of the IIGF-project, during IIGF-project preparation and implementation; institutional arrangements for screening IIGF-project supported activities, evaluating their effects on Indigenous Peoples, preparing
Indigenous Peoples Plans, and addressing grievances; monitoring and reporting arrangements, and disclosure arrangements to ensure that Indigenous Peoples derive benefits from the IIGF-project which are socially, economically and culturally appropriate, and gender and inter-generationally inclusive, as such IPPF may be revised from time to time by IIGF with the prior written agreement between IGF and the Bank.

24. “Land Acquisition and Resettlement Action Plan” or “LARAP” means, for any IIGF-project, a resettlement and rehabilitation action plan prepared by the Contracting Agency or Sponsor, as applicable, consistent with the Resettlement Policy Framework and, in the case of each WB-Supported IIGF-project, acceptable to the Bank, giving details of the agreed provisions for compensation, rehabilitation and resettlement assistance to Affected Persons under the IIGF-project, along with the procedural and institutional measures needed to implement such agreed provisions, as such plan may be revised in accordance with the IPPF and, in the case of each WB-Supported IIGF-project, with the prior written agreement between IGF and the Bank. Such term includes any schedules or annexes to such plan. “Land Acquisition and Resettlement Action Plans” or “LARAPs” means more than one LARAP.

25. “Lender” means a commercial lender to an IIGF-project. “Lenders” means more than one Lender.


27. “Operations Manual” means the Operations Manual, adopted by IIGF on July 18, 2012, meeting the requirements of paragraph 3 of Section I.B of Schedule 2 to this Agreement and paragraph 2 of Section I.B of the Schedule to the Project Agreement, and satisfactory to IGF and the Bank and as such manual may be revised from time to time by IIGF with the prior written concurrence of the Bank.

28. “PPP” means public-private partnership. “PPPs” means more than one PPP.


30. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated May 16, 2012 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

31. “Project Implementing Entity” means the IIGF.
32. "Recourse Agreement" means, with respect to each IIGF Guarantee Agreement, the corresponding agreement that IIGF shall enter into with the responsible Contracting Agency consistent with the requirements specified in the Operations Manual. "Recourse Agreements" means more than one Recourse Agreement.

33. "Resettlement Policy Framework" or "RPF" means the Resettlement Policy Framework acceptable to the Bank, included in the Environmental and Social Management Framework and the Operations Manual adopted by IIGF, and giving details of provisions for land acquisition, compensation, rehabilitation and resettlement assistance, determination of project sites and linked sites (as defined in such Resettlement Policy Framework), consultations, grievance mechanisms and disclosure to Affected Persons, as such Resettlement Policy Framework may be amended from time to time with prior written agreement between IIGF and the Bank.

34. "Rupiah" means Rupiah, the currency of the Borrower.

35. "Social Safeguards Specialist" means the specialist engaged by IIGF pursuant to Section III of Schedule 2 to his Agreement with terms of reference acceptable to the Bank and IIGF, and retained until completion of the Project to provide expertise on social assessment and implementation of IIGF-projects, including of LARAPs and IPPs in accordance with the Operations Manual, the Resettlement Policy Framework and the Indigenous Peoples Planning Framework.

36. "Sponsor" means a private investor or sponsor undertaking a PPP that is an IIGF-project. "Sponsors" means more than one Sponsor.

37. "Subsidiary Loan Agreement" means the agreement referred to in Section I.A of Schedule 2 to this Agreement pursuant to which the Borrower shall make the proceeds of the Loan available to IIGF.

38. "Subsidiary Loan" means the loan provided by the Borrower to IIGF pursuant to the Subsidiary Loan Agreement.

39. "Technical Assistance Activity" means each activity that may be developed and implemented by IIGF under Part 2 of the Project fully consistent with the Operations Manual.

40. "WB-Eligible Guaranteed Party" means, with respect to a WB-Supported IIGF-project, either: (a) the PPP project company for such project for which the WB-Supported IIGF Guarantee will support debt service of Lender(s) to such project; or (b) Lender(s) providing debt financing to such project. "WB-Eligible Guaranteed Parties" means more than one WB-Eligible Guaranteed Party.
41. "WB-Eligible Risk" means, with respect to a WB-Supported IIGF-project, a risk listed in paragraph 3 of Annex 1 to the Schedule to the Project Agreement. "WB-Eligible Risks" means more than one WB-Eligible Risk.

42. "WB-Supported IIGF Guarantee" means each IIGF Guarantee meeting the requirements of Annex 1 to the Schedule to the Project Agreement, covering debt service defaults on loan(s) for a WB-Supported IIGF-project, financed in whole or in part by the proceeds of the Loan that is fully consistent with the Operations Manual and the IIGF Regulations. "WB-Supported IIGF Guarantees" means, collectively, more than one WB-Supported Guarantee.

43. "WB-Supported IIGF Guarantee Agreement" means each contract for an IIGF Guarantee on terms and conditions acceptable to the Bank, supported in whole or in part by the proceeds of the Loan, covering debt service default on loan(s) for a WB-Supported IIGF-project, fully consistent with the requirements set out in this Agreement, the Operations Manual and the IIGF Regulations. "WB-Supported IIGF Guarantees" means more than one WB-Supported IIGF Guarantee.

44. "WB-Supported IIGF-project" means an IIGF-project: (a) which does not involve an activity on the negative list set out in Annex 3 to the Schedule to the Project Agreement; (b) with respect to which IIGF has issued or will issue an WB-Supported IIGF Guarantee for a WB-Eligible Risk in favor of a WB-Eligible Guaranteed Party; and (c) with respect to which the Bank has issued a no objection letter for the use of the proceeds of the Loan allocated to Category (1) in the table in Section IV.A of Schedule 2 to this Agreement. "WB-Supported IIGF-projects" means more than one WB-Supported IIGF-project.

45. "WB-Supported Claim" means a Claim made and processed fully in compliance with this Agreement and the Operations Manual which is made against a WB-Supported IIGF Guarantee Agreement. "WB-Supported Claim" means more than one WB-Supported Claim.