Loan Agreement

(National Affordable Housing Program Project)

between

REPUBLIC OF INDONESIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated NOVEMBER 30, 2017
LOAN AGREEMENT

Agreement dated **November 30**, 2017, between REPUBLIC OF INDONESIA ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank").

WHEREAS: (A) the Borrower has developed *Bantuan Stimulan Perumahan Swadaya* ("BSPS"), a home improvement assistance program for Lower Income Households, with a budget estimate of approximately USD 460,000,000, subject to the Borrower’s budget allocation, for the period of 2017-2020;

(B) the Borrower has also developed *Bantuan Pembiayaan Perumahan Berbasis Tabungan* ("BP2BT"), a mortgage-linked down payment assistance program for Lower Income Households, with a budget estimate of approximately USD 50,000,000, subject to the Borrower’s budget allocation, for the period of 2017-2020; and

(C) the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 1 to this Agreement ("Project"), which includes, inter alia, BSPS and BP2BT, has requested the Bank to extend a loan in the financing of the Project;

NOW THEREFORE, 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 four hundred and fifty million United States Dollars (USD 450,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.08 of this Agreement ("Loan"), to assist in financing the 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 sixty days after the Effective Date.
2.04. The Commitment Charge payable by the Borrower shall be equal to one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.

2.05. 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 Fixed Spread; provided, however, that the interest payable shall in no event be less than zero percent (0%) per annum; and provided furthermore 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.

2.06. The Payment Dates are March 15 and September 15 in each year.

2.07. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

2.08. (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.

2.09. (a) If on any given day, the Total Exposure exceeds the Standard Exposure Limit (as said terms are defined in sub-paragraphs (b)(ii) and (b)(iii) of this Section), the Borrower shall pay to the Bank a surcharge at the rate of one half of one percent (0.5%) per annum of the Allocated Excess Exposure Amount (as defined in sub-paragraph (b)(i) of this Section) for each said day (“Exposure Surcharge”). The Exposure Surcharge (if any) shall be payable semi-annually in arrears on each Payment Date.

(b) For purposes of this Section the following terms have the meanings set forth below:
(i) "Allocated Excess Exposure Amount" means for each day during which the Total Exposure exceeds the Standard Exposure Limit, the product of: (A) the total amount of said excess; and (B) the ratio of all (or, if the Bank so determines, a portion) of the Loan to the aggregate amount of all (or the equivalent portions) of the loans made by the Bank to the Borrower and to other borrowers guaranteed by the Borrower that are also subject to an exposure surcharge, as said excess and ratio are reasonably determined from time to time by the Bank.

(ii) "Standard Exposure Limit" means the standard limit on the Bank’s financial exposure to the Borrower which, if exceeded, would subject the Loan to the Exposure Surcharge, as determined from time to time by the Bank.

(iii) "Total Exposure" means for any given day, the Bank’s total financial exposure to the Borrower, as reasonably determined by the Bank.

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 and Housing in accordance with the provisions of Article V of the General Conditions.

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 — EFFECTIVENESS; TERMINATION

4.01. The Additional Conditions of Effectiveness consist of the following:

(a) The Borrower has: (i) adopted the Project Operations Manual in the form and substance satisfactory to the Bank; and (ii) established the Project Management Committee and all of the Project Implementation Units.

(b) The Borrower has adopted the operational and eligibility guidelines for BP2BT in the form and substance satisfactory to the Bank.

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.
5.02. The Borrower's Address is:

Directorate General of Budget Financing and Risk Management
Ministry of Finance
Gedung Frans Seda
Jl. DR. Wahidin Raya No. 1
Jakarta 10710 – Indonesia
Facsimile: +62-21-381-2859

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
Facsimile: 1-202-477-6391

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

REPUBLIC OF INDONESIA

By

Authorized Representative

Name: ROBERT PAKPAHAN
Title: DG OF BUDGET FINANCING AND RISK MANAGEMENT

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Authorized Representative

Name: Rodrigo A. Chrus
Title: Country Director, Indonesia
SCHEDULE 1

Project Description

The objective of the Project is to improve access to affordable housing for Lower Income Households.

The Project consists of the following parts:

Part 1. Mortgage-Linked Down Payment Assistance

(a) Mortgage-Linked Down Payment Assistance (BP2BT). Provision of mortgage-linked down payment assistance for Lower Income Households, which are first time home-owners, through Participating Lending Institutions, for the purchase or construction of a residential property.

(b) Technical Assistance for Mortgage-Linked Down Payment Assistance. Provision of technical assistance for: (i) developing and strengthening BP2BT management, administrative and information technology systems and capacities; (ii) supporting BP2BT operations and the development of a rigorous monitoring and evaluation methodology and system, including a baseline study; (iii) developing consumer financial literacy around BP2BT; (iv) developing a BP2BT public information campaign; and (v) developing and strengthening the lending capacity to non-fixed income segment of Participating Lending Institutions.

Part 2. Home Improvement Assistance

(a) Home Improvement Assistance (BSPS). Provision of home improvement or reconstruction assistance to Lower Income households.

(b) BSPS Management and Operations. Provision of support for the management and operations of BSPS.

(c) BSPS Program Development. Provision of technical assistance, advisory services and training to strengthen BSPS management, operations and monitoring, including; (i) the development of a SMIS to integrate all data related to housing provision programs at the national and local levels into a single database; (ii) the provision of support for the management of facilitators; (iii) the establishment and implementation of a comprehensive complaint handling system; (iv) the development of a rigorous monitoring and evaluation methodology and system, including a baseline study; and (v) the development of a comprehensive impact assessment and policy for BSPS.
Part 3. Technical Assistance for Housing Policy Reform

(a) *Expanding Access to Housing Finance.* Provision of technical assistance to: (i) support policy and regulatory reform; (ii) improve governance in order to strengthen the primary and secondary mortgage markets; and (iii) improve the enabling environment for housing finance and housing information system.

(b) *Addressing Public and Low Income Housing Provision Constraints.* Provision of technical assistance to support policy reform, improve governance and enhance capacity of stakeholders in addressing constraints to the provision of affordable housing.
SCHEDULE 2

Project Execution

Section 1. Implementation Arrangements

A. Institutional and Implementation Arrangements

1. The Borrower shall:

   (a) ensure that the Project is implemented subject to the overall guidance and oversight of the Steering Committee, chaired by BAPPENAS and including, *inter alia*, representatives from the Ministry of Public Works and Housing, the Ministry of Home Affairs, the Ministry of Agrarian Affairs and Spatial Planning, the Ministry of Finance and the Central Bureau of Statistics;

   (b) maintain, until completion of the Project: (i) the Project Management Committee, established under the Ministry of Public Works and Housing, to be responsible for the management, implementation, monitoring and reporting of the Project; and (ii) two Project Implementation Units, established under the Ministry of Public Works and Housing, to be responsible for day-to-day implementation of the Project, including necessary arrangements with the Ministry of Home Affairs for the implementation of capacity building for local governments under Part 3(b) of the Project, each with a mandate, composition and terms of reference as set out in the Project Operations Manual and acceptable to the Bank; and

   (c) ensure that the Project Management Committee and each of the Project Implementation Unit is provided at all times with adequate funds and other resources and staffed by qualified personnel in adequate numbers as shall be necessary to accomplish the objective of the Project.

2. To facilitate the carrying out of Part 1(a) of the Project, the Borrower shall enter into agreement(s) with Participating Lending Institution(s) under the terms and conditions approved by the Bank.

3. To facilitate the carrying out of Part 2(a) of the Project, the Borrower shall enter into agreement(s) with Distribution Bank(s) under the terms and conditions approved by the Bank.

4. The Borrower shall exercise its rights under the agreements referred to in paragraphs 2 and 3 of this Section in such manner as to protect the interest of the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive any such agreement(s) or any of their provisions.
5. The Borrower shall:

(a) adopt and implement the Project in accordance with, the Project Operations Manual, acceptable to the Bank, which shall include the description of: (i) institutional and implementation arrangements; (ii) procurement procedures and standard procurement documentation; (iii) reporting requirements, financial management and audit procedures; (iv) criteria for Eligible Expenditures; (v) the Project performance indicators; (vi) arrangements and procedures for the environmental and social safeguard management, including the Environmental and Social Management Framework; and (vii) monitoring and evaluation arrangements; and

(b) not amend, suspend, abrogate, repeal or waive any provisions of the Project Operations Manual without the prior written agreement of the Borrower and the Bank.

6. In the event of any conflict between the provisions of the Project Operations Manual and those of this Agreement, the latter shall prevail.

7. No later than December 31, 2017, the Borrower shall revise the BSPS guidelines to reflect the requirements in the Operations Manual.

B. Safeguards

1. The Borrower shall carry out the Project and ensure that each Project Implementation Unit shall carry out Project activities in accordance with the provisions of the Environmental and Social Management Framework, which shall include the Environmental Management Framework, Resettlement Policy Framework and the Indigenous Peoples Planning Framework, and where applicable: (a) prepare and ensure that an Environmental Management Plan, a Land Acquisition and Resettlement Action Plan or an Indigenous Peoples Plan for each activity is fully consistent with this Agreement and the Environmental and Social Management Framework; (b) furnish such plan to the Bank for written no-objection prior to carrying out the activity; and (c) thereafter implement the activity or cause the activity to be implemented in accordance with such plan(s).

2. The Borrower shall ensure that the terms of reference for any consultancies related to studies, technical assistance and/or capacity building under this Agreement shall, inter alia, duly incorporate the requirements of the World Bank’s Safeguards Policies then in force, as applied to the advice conveyed through such studies, technical assistance and/or capacity building activities.

3. Without limitation to paragraph 1 above, in carrying out activities, the Borrower shall:

(a) take all necessary actions to avoid or minimize to the extent possible any involuntary relocation of persons, or their loss of shelter, assets, or access to assets, or loss of income sources or means of livelihood, temporarily or permanently; and
(b) in the event that a Project activity gives rise to Displaced Persons, prior to the commencement of such activity, cause to be prepared, a Land Acquisition and Resettlement Action Plan, acceptable to the Bank, in accordance with the guidelines, requirements and procedures set forth in the Environmental and Social Management Framework, and thereafter implement or cause to be implemented in a timely manner said Land Acquisition and Resettlement Action Plan as approved by the Bank.

4. The Borrower shall, and shall cause each Project Implementation Unit to, ensure that all land acquisition required for the purposes of carrying out the Project are financed exclusively out of its own resources, and shall provide, promptly as needed, the resources needed for these purposes, including: (a) all land acquisition required for the purposes of carrying out the Project; (b) resettlement and rehabilitation payments to Displaced Persons; and (c) all other costs associated with environmental and/or social mitigation measures set forth in the Safeguard Instruments.

5. Where Indigenous Peoples are present in, or have a collective attachment to, the area of a Project activity, the Borrower shall apply, and shall ensure that each Project Implementation Unit shall apply, the Indigenous Peoples Planning Framework to the implementation of a Project activity, including:

(a) avoiding, and, if not possible, minimizing cultural, social and economic adverse effects on Indigenous Peoples caused or likely to be caused by the Project;

(b) through a process of free, prior, and informed consultation and participation, involving concerned Indigenous Peoples in the design and implementation of Project activities so as to ensure that there is broad community support for Project activities and that the benefits received by the Indigenous Peoples under the Project are in harmony with their economic, social and cultural preferences and protect their customary user rights; and

(c) preparing an Indigenous Peoples Plan based on the foregoing consultations and furnish such Indigenous Peoples Plan to the Bank for written no-objection prior to carrying out a Project activity and thereafter implement the Project activity in accordance with such plan.

6. The Borrower shall:

(a) not amend, revise or waive, not allow to be amended, revised or waived, the provisions of the Safeguard Instruments or any provision of any one thereof, without the prior written agreement of the Bank; and

(b) maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with guidelines acceptable to the Bank, the implementation of the Safeguard Instruments.

7. Without limitation to the provisions of Section II.A.1 of this Schedule 2, the Borrower shall regularly collect, compile, and submit to the Bank, as part of the Project Reports, information on the status of compliance with the Safeguard Instruments, giving details of: (a) measures taken in furtherance of the Safeguard Instruments; (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the Safeguard Instruments; and (c) remedial measures taken or required to be taken to address such conditions.
8. In the event of a conflict between the provisions of any of the Safeguard Instruments and those of this Agreement, the latter shall govern.

C. Anti-Corruption

The Borrower shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

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 set forth in the Project Operations Manual. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than forty-five (45) days after the end of the period covered by such report.

2. Not later than December 31, 2018, the Borrower shall, in conjunction with the Bank, carry out a mid-term review of the Project (“Mid-term Review”), covering the progress achieved in the implementation of the Project. To this end, the Borrower shall prepare and furnish to the Bank not less than three (3) months prior to the beginning of the Mid-term Review, a report integrating the results of the Project’s monitoring and evaluation activities, on the progress achieved in the carrying out of the Project during the period preceding the date of such report, and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objective of the Project during the period following such date. Following the Mid-term Review, the Borrower shall act promptly and diligently in order to take, or cause to be taken, any corrective action deemed necessary by the Bank to remedy any shortcoming noted in the carrying out of the Project in furtherance of the objective of the Project.

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 prepare and furnish to the Bank, 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 its 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 and Non-consulting Services.** All goods 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 Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B.  **Particular Methods of Procurement of Goods and Non-consulting Services**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding, subject to the additional provisions set forth in the Annex to this Schedule; (b) Shopping; (c) Direct Contracting; and (d) Community Participation procedures which have been found acceptable to the Bank.

C.  **Particular Methods of Procurement of Consultants’ Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants’ services 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 procurement of consultants’ services for those contracts which are specified in the Procurement Plan: (a) Least Cost Selection; (b) Selection based on Consultants’ Qualifications; (c) Single-source Selection of consulting firms; (d) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (e) Single-source procedures for the Selection of Individual Consultants.

D.  **Review by the Bank of Procurement Decisions**

The Procurement Plan 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 “Disbursement Guidelines for Investment Project Financing” dated February 2017, 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) Mortgage-Linked Down Payment Assistance under Part 1(a) of the Project</td>
<td>205,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Home Improvement Assistance under Part 2(a) of the Project</td>
<td>175,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Goods, non-consulting services, consultants’ services and Training under Parts 1(b), 2(b), 2(c) and 3 of the Project</td>
<td>70,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>450,000,000</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 for payments made prior to the date of this Agreement.

2. The Closing Date is March 31, 2021.
ANNEX TO SCHEDULE 2

National Competitive Bidding: Modifications to Procedures

The procedures applicable to the procurement of goods, works, and non-consulting services under contracts awarded on the basis of National Competitive Bidding shall be those of the Pelelangan Umum (Public Tendering) and Pemilihan Langsung / Pelelangan Sederhana (Simplified Tendering) methods as set forth in the Borrower’s Presidential Regulation No. 54/2010 and its subsequent amendments as of January 16, 2015, with the modifications set out below in order to ensure economy, efficiency, transparency, and broad consistency with the provisions of Section I of the Procurement Guidelines, pursuant to paragraph 3.3 of said Guidelines. The Pemilihan Langsung / Pelelangan Sederhana method shall apply to such procurement up to the financial thresholds specified in said Regulation. In the event of a conflict between the Borrower’s procedures and these modifications, the latter shall govern.

1. Procuring entities shall use the appropriate standard bidding documents acceptable to the Borrower and the Bank. The provisions of Section 1.16 (Fraud and Corruption) of the Procurement Guidelines shall apply, and each bidding document and contract financed out of the proceeds of the Loan shall include provisions on matters pertaining to fraud and corruption as defined in paragraph 1.16(a) of said Guidelines and the contract provisions set out in paragraph 1.16(e) of said Guidelines.

2. Foreign bidders shall not be precluded from bidding. If a registration process is required, a foreign firm determined to be the lowest evaluated responsive bidder shall be given reasonable time for registration. Foreign bidders shall not be required to form a joint venture or sub-contract part of the supply of goods, non-consulting services, and works as a condition for submitting bids or the award of the contract. Bidding documents shall be made available to all international bidders.

3. No preference of any kind shall be given to any bidders.

4. Under the Pelelangan Umum method, bidders shall be allowed at least twenty-one (21) days from the date of the invitation to bid or the date of availability of bidding documents, whichever is later, to prepare and submit bids; this period shall be ten (10) days under the Pemilihan Langsung / Pelelangan Sederhana method.

5. Bids invited under the Pelelangan Umum method shall be submitted in one (1) envelope and evaluated using post-qualification.

6. No bidder shall be rejected merely on the basis of a comparison with the owner’s estimate and budget ceiling without the Bank’s prior written concurrence.

7. Bid security, if it is required by the bidding documents, at the bidder’s option, shall be in the form of a letter of credit or guarantee from a reputable bank or other reputable financial institution and shall without exception follow the form provided for this purpose in the bidding documents.

8. All bids shall not be rejected and new bids solicited without the Bank’s prior written concurrence.

9. Government-owned enterprises in Indonesia shall be eligible to participate provided that they comply with paragraph 1.10(b) of the Procurement Guidelines.
SCHEDULE 3

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>March 15, 2022</td>
<td>4.32</td>
</tr>
<tr>
<td>September 15, 2022</td>
<td>4.38</td>
</tr>
<tr>
<td>March 15, 2023</td>
<td>4.45</td>
</tr>
<tr>
<td>September 15, 2023</td>
<td>4.52</td>
</tr>
<tr>
<td>March 15, 2024</td>
<td>4.59</td>
</tr>
<tr>
<td>September 15, 2024</td>
<td>4.65</td>
</tr>
<tr>
<td>March 15, 2025</td>
<td>4.72</td>
</tr>
<tr>
<td>September 15, 2025</td>
<td>4.79</td>
</tr>
<tr>
<td>March 15, 2026</td>
<td>4.87</td>
</tr>
<tr>
<td>September 15, 2026</td>
<td>4.94</td>
</tr>
<tr>
<td>March 15, 2027</td>
<td>5.01</td>
</tr>
<tr>
<td>September 15, 2027</td>
<td>5.09</td>
</tr>
<tr>
<td>March 15, 2028</td>
<td>5.16</td>
</tr>
<tr>
<td>September 15, 2028</td>
<td>5.24</td>
</tr>
<tr>
<td>March 15, 2029</td>
<td>5.32</td>
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<tr>
<td>September 15, 2029</td>
<td>5.40</td>
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<tr>
<td>March 15, 2030</td>
<td>5.48</td>
</tr>
<tr>
<td>September 15, 2030</td>
<td>5.56</td>
</tr>
<tr>
<td>March 15, 2031</td>
<td>5.65</td>
</tr>
<tr>
<td>September 15, 2031</td>
<td>5.86</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 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.
APPENDIX

Section I. Definitions


2. “Assistance” or “Bantuan Pemerintah” means the Borrower’s support, other than social support (bantuan sosial), which shall be provided in accordance with the Minister of Finance regulation No. 168 of 2015, as amended.

3. “BAPPENAS” or “Badan Perencanaan Pembangunan Nasional” means the national development planning agency or ministry of the Borrower, or any successor thereto.

4. “BP2BT” or “Bantuan Pembiayaan Perumahan Berbasis Tabungan” means the Borrower’s mortgage-linked down payment assistance program, which shall be established and operating in accordance with the operational and eligibility guidelines for BP2BT, or any successor thereto.

5. “BSPS” or “Bantuan Stimulan Perumahan Swadaya” means the Borrower’s home improvement assistance program, which is established and operating in accordance with the Minister of Public Works and Housing regulation No. 13 of 2016, or any successor thereto.

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

7. “Central Bureau of Statistics” or “Badan Pusat Statistik” means the Borrower’s entity responsible for statistics and established pursuant to the Borrower’s law no. 16 of 2007.


9. “Displaced Person” means a person who, on account of the execution of the 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, and “Displaced Persons” means, collectively, all such Displaced Persons.

10. “Distribution Bank” means a bank meeting the eligibility requirements set out in the Project Operations Manual and selected by the working unit (satuan kerja) of a Project Implementation Unit to distribute Home Improvement Assistance, and “Distribution Banks” means, collectively, all such banks.
11. “Environmental and Social Management Framework” means the environmental and social safeguards management framework dated November 18, 2016 and disclosed through the Bank’s infoshop on December 9, 2016, acceptable to the Bank, as the same may be updated from time to time in agreement with the Bank, such framework incorporating among others, the Environmental Management Framework, the Resettlement Policy Framework and the Indigenous Peoples Framework.

12. “Environmental Management Framework” means the Borrower’s environmental management framework acceptable to the Bank and included in the Environmental and Social Management Framework, setting out the agreed measures to maximize the benefits of the Project, eliminate or offset any adverse environmental impacts or reduce such impacts to acceptable levels.

13. “Environmental Management Plan” means each plan for a Project activity, meeting the requirements of the Environmental and Social Management Framework and acceptable to the Bank, giving details of the agreed actions and policies designed to maximize the benefits of a Project activity, eliminate or offset any adverse environmental impacts or reduce such impacts to acceptable levels, along with the procedural and institutional measures needed to implement such actions and policies.


15. “Home Improvement Assistance” means an Assistance, in the form of a payment for the purchase of construction materials, to be made available by the Borrower out of the proceeds of the Loan under Part 2(a) of the Project to a Lower Income Household through a Distribution Bank.

16. “Indigenous Peoples” means those social groups in the Borrower’s territory that have a distinct, vulnerable, social and cultural identity, and that possess the following characteristics in varying degrees: (a) self-identification as members of a distinct indigenous cultural group and recognition of this identity by others; (b) collective attachment to geographically distinct habitats or ancestral territories in the Project area and to the natural resources in these habitats and territories; (c) customary cultural, economic, social, or political institutions that are separate from those of the dominant society and culture; and (d) an indigenous language.

17. “Indigenous Peoples Plan” means each plan for a Project activity, meeting the requirements of the Environmental and Social Management Framework and acceptable to the Bank, giving details of the agreed actions and policies designed to: (a) involve Indigenous Peoples, through a process of free, prior and informed consultation, in the design and implementation of the Project in locations in which such people reside or make their living; (b) ensure that Indigenous Peoples receive culturally appropriate social and economic benefits; and (c) when potential adverse effects on Indigenous Peoples are identified, those adverse effects are avoided, minimized, mitigated, or compensated for, in each case in a manner acceptable to the Bank, along with the procedural and institutional measures needed to implement such actions and policies.
18. “Indigenous Peoples Planning Framework” means the Borrower’s indigenous peoples planning framework acceptable to the Bank and included in the Environmental and Social Management Framework, setting out the agreed measures to: (a) involve Indigenous Peoples, through a process of free, prior and informed consultation, in the design and implementation of the Project in locations in which such people reside or make their living; (b) ensure that Indigenous Peoples receive culturally appropriate social and economic benefits; and (c) when potential adverse effects on Indigenous Peoples are identified, those adverse effects are avoided, minimized, mitigated, or compensated for, in each case in a manner acceptable to the Bank.

19. “Land Acquisition and Resettlement Action Plan” means each plan for a Project activity, meeting the requirements of the Environmental and Social Management Framework and acceptable to the Bank, giving details of the agreed provisions for compensation, rehabilitation and resettlement assistance to Displaced Persons under the Project, along with the procedural and institutional measures needed to implement such actions and policies.

20. “Lower Income Household” means a household with a gross salaried and/or non-salaried income in the bottom 60 percent of national income distribution, and “Lower Income Households” means, collectively, all such households.

21. “Ministry of Finance” means the Borrower’s ministry responsible for finance, or any successor thereto.

22. “Ministry of Public Works and Housing” means the Borrower’s ministry responsible for public works and housing, or any successor thereto.

23. “Ministry of Agrarian Affairs and Spatial Planning” means the Borrower’s ministry responsible for agrarian/land affairs, or any successor thereto.

24. “Ministry of Home Affairs” means the Borrower’s ministry responsible for home affairs, or any successor thereto.

25. “Mortgage-Linked Down Payment Assistance” means an Assistance for Lower Income Households, in the form of down payment supplement for the purchase or construction of a residential property, to be made available by the Borrower out of the proceeds of the Loan under Part 1(a) of the Project (through a Participating Lending Institution).

26. “Participating Lending Institution” means a participating lending institution meeting the eligibility requirements set out in the Project Operations Manual and selected by the working unit (satuan kerja) of a Project Implementation Unit to provide Mortgage-Linked Down Payment Assistance, and “Participating Lending Institutions” means, collectively, all such institutions.

27. “Perumnas” means a state-owned enterprise incorporated and operating in accordance with the Borrower’s Government Regulation No. 83 of 2015, or any successor thereto.

29. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated January 31, 2017 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

30. “Project Implementation Unit” means the unit to be established in accordance with paragraph 1(b)(ii) of Section I.A of Schedule 2 to this Agreement; and “Project Implementation Units” means, collectively, all such units.

31. “Project Management Committee” means the committee to be established in accordance with paragraph 1(b)(i) of Section I.A of Schedule 2 to this Agreement.

32. “Project Operations Manual” means the Project operations manual to be adopted by the Borrower in accordance with the Minister of Public Works and Housing Regulation No. 13 of 2016 and the operational and eligibility guidelines for BP2BT and referred to in paragraph 4 of Section I.A of Schedule 2 to this Agreement, as the same may be amended from time to time in agreement with the Bank, and such term includes any schedules to the Project Operations Manual.

33. “Resettlement Policy Framework” means the Borrower’s resettlement policy framework acceptable to the Bank and included in the Environmental and Social Management Framework, setting out the agreed measures and actions to be taken during the implementation of the Project for the provision of compensation, rehabilitation and resettlement assistance to Displaced Persons.

34. “Safeguard Instrument” means, collectively, the Environmental and Social Management Framework, the Environmental Management Framework, the Environmental Management Plan(s), the Indigenous Peoples Framework, the Indigenous Peoples Plan(s), the Resettlement Policy Framework and the Land Acquisition and Resettlement Action Plan(s).

35. “SMIS” means Swadaya Management Information System, an information management system to be developed under Part 2(c)(i) of the Project.

36. “Steering Committee” means the committee to be established in accordance with paragraph 1(a) of Section I.A of Schedule 2 to this Agreement.

37. “Training” means the reasonable costs of expenditure incurred by the Borrower in facilitating and conducting domestic and overseas training and workshop activities for the purpose of the Project, including costs of training or workshop materials; honoraria; interpretation and translation; equipment and venue rental; lunches; per diem; accommodation; and transportation for those attending the training or workshop; but excluding salary and salary supplements of the Borrower’s civil servants.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. In the Table of Contents, the references to Sections. Section names and Section numbers are modified to reflect the modifications set forth in the paragraphs below.

2. Section 3.01. (Front-end Fee) is modified to read as follows:

"Section 3.01. Front-end Fee; Commitment Charge

(a) The Borrower shall pay the Bank a front-end fee on the Loan amount at the rate specified in the Loan Agreement (the "Front-end Fee").

(b) The Borrower shall pay the Bank a commitment charge on the Unwithdrawn Loan Balance at the rate specified in the Loan Agreement (the "Commitment Charge"). The Commitment Charge shall accrue from a date sixty days after the date of the Loan Agreement to the respective dates on which amounts are withdrawn by the Borrower from the Loan Account or cancelled. The Commitment Charge shall be payable semi-annually in arrears on each Payment Date."

3. In the Appendix, Definitions, all relevant references to Section numbers and paragraphs are modified, as necessary, to reflect the modification set forth in paragraph 2 above.

4. The Appendix is modified by inserting a new paragraph 19 with the following definition of "Commitment Charge", and renumbering the subsequent paragraphs accordingly:

"19. "Commitment Charge" means the commitment charge specified in the Loan Agreement for the purpose of Section 3.01(b)."