Loan Agreement

(Research and Innovation in Science and Technology Project)

between

REPUBLIC OF INDONESIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated APRIL 12, 2013
LOAN AGREEMENT

Agreement dated April 12, 2013, 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 ninety five million United States Dollars (US$95,000,000), 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 Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be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 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 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 unwithdrawn, 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 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 carry out the Project through RISTEK 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 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 its minister at the time responsible for finance.
5.02. The Borrower’s Address is:

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

Cable: FINMINISTRY 45799
Facsimile: 62-21-381-2859
Jakarta

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
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: YOGANA PRASTA

Title: Acting Country Director
SCHEDULE 1

Project Description

The objectives of the Project are to create an enabling policy environment for research and development in science and technology, to improve the public research and development institutes' performance, and to improve science, technology and innovation human resource capacity.

The Project consists of the following parts:


(a) Improving Innovation Policy Framework.

(i) Supporting coordination and consensus-building by RISTEK on a national innovation strategy and action plan.

(ii) Supporting a technical and policy study by RISTEK of relevant issues for the development of the national innovation strategy.

(iii) Providing capacity building for RISTEK for design and implementation of the national innovation policy.

(iv) Supporting the development by RISTEK of a national science and technology information system.

(v) Supporting the review by RISTEK of, and proposed revisions to, the legal framework for science, technology and innovation.

(b) Revitalization of Public Research Centers.

(i) Supporting RISTEK to undertake institutional assessments of selected LPNKs' research centers and to disseminate the results of such assessments.

(ii) Supporting selected LPNKs to develop institutional development plans.

(iii) Piloting reforms by selected LPNKs to implement institutional development plans developed under Part 1(b)(ii) of the Project.

Part 2: Strengthening Public Research Funding.

(a) Supporting RISTEK to undertake a feasibility study for, and design of, a competitive national research funding system.

(b) Strengthening RISTEK's existing institutional research funding program.

(c) Supporting RISTEK to establish industrial and global research linkages for science and technology researchers.
(d) Supporting RISTEK to improve monitoring and evaluation of publicly-funded research.

(e) Supporting RISTEK to improve the effectiveness of science and technology planning formulation and budgeting system.

Part 3: Developing Science and Technology Human Resources Capacity.

Supporting implementation by RISTEK of a competitive:

(a) Fellowship Program; and

(b) Non-degree Professional Course and Training Program through:

(i) competitive selection of candidates;

(ii) provision of pre-departure programs, including language training to selected candidates for Scholarship Recipients under Part 3(a); and

(iii) provision of Scholarships for Ph.D Degree studies and Masters Degree studies under Part 3(a) and Non-degree Professional Course and Training Program.

Part 4: Project Management.

(a) Supporting the operation of the Steering Committee, Technical Committee and Project Management Office in the functions of: Project coordination, Project monitoring and evaluation, procurement and financial management and other fiduciary aspects of Project implementation; and Project advisory activities.

(b) Providing a re-entry program for returning Scholarship Recipients under Part 3(a).
SCHEDULE 2

Project Execution

Section I. Institutional and Implementation Arrangements

A. Institutional Arrangements

1. The Borrower, through RISTEK, shall maintain until the completion of the Project, a Steering Committee, with mandate, composition and terms of reference agreed between the Borrower and the Bank, which shall include representatives of RISTEK and BAPPENAS to provide guidance and oversight to the Project.

2. The Borrower, through RISTEK, shall maintain until the completion of the Project, a Technical Committee, with mandate, composition and terms of reference agreed between the Borrower and the Bank, which shall include representatives of RISTEK and BAPPENAS to provide technical advice and support to the Steering Committee and Project Management Office in the matters pertaining to the specific Project implementation issues.

3. The Borrower, through RISTEK, shall maintain until the completion of the Project, a Project Management Office, with mandate, composition and terms of reference agreed between the Borrower and the Bank, staffed by qualified representatives of RISTEK, Education and Training Bureau at LPNKS, and Human Resources Bureau at LPNKS, to be responsible for overall project implementation.

4. The Borrower, through RISTEK, shall maintain until completion of the Project a PMO Secretariat, with mandate, composition and terms of reference agreed between the Borrower and the Bank, to be responsible for the budget planning and fiduciary aspects of the Project and day-to-day Project coordination.

5. The Borrower, through RISTEK, shall ensure that each of the Steering Committee, the Technical Committee, the Project Management Office and the PMO Secretariat is provided at all times with adequate funds and other resources and staffed by qualified and experienced personnel in adequate numbers as shall be necessary to accomplish its objectives.

B. Implementation Arrangements

1. The Borrower, through RISTEK, shall:

   (a) ensure that the Project is implemented in accordance with the Project Operations Manual, acceptable to the Bank and RISTEK, which shall include: (i) implementation arrangements set forth in Section I of this Schedule 2 and detailed Project phasing, decision making and reporting arrangements fully consistent with Section I of this Schedule 2; (ii) the procurement procedures set forth in Section III of this Schedule, including the standard bidding documents to be used for each procurement method; (iii) reporting requirements, financial management procedures and audit procedures as set forth in Section II of this Schedule 2, including strengthened payment verification procedures for the Fellowship Program, the Non-degree Professional Course and Training Program, training, workshop and incremental operating costs and detailed documentation of financial management procedures; (iv) the Eligibility and Selection
Criteria and implementation arrangements for all Scholarships provided for by the Fellowship Program and the Non-degree Professional Course and Training Program under Part 3 of the Project; (v) the Better Governance Action Plan; and (vi) the Project Performance Indicators;

(b) not amend, suspend, abrogate, repeal or waive any provisions of the Project Operations Manual, except with prior written agreement of RISTEK and the Bank;

(c) ensure that the Project Operations Manual is made available, at all times, until completion of the Project, to the Bank, to the PMO, to each LPNK and to each person, company or institution which is responsible for any aspect of Project implementation or which receives Loan proceeds; and

(d) ensure that the Eligibility and Selection Criteria for all Scholarships provided for by the Fellowship Program and the Non-degree Professional Course and Training Program under Part 3 of the Project are made publicly available, in a manner satisfactory to the Bank, at RISTEK to any interested applicant.

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

2. The Borrower, through RISTEK, shall ensure that: (a) for the first year of Project implementation, RISTEK shall furnish to the Bank for approval the annual work plan and budget for the Project within one (1) month after the Effective Date; (b) for each subsequent year of Project implementation, RISTEK shall furnish to the Bank for approval as soon as available, but in any case not later than October 31 of each year, the annual work plan and budget for the Project for each subsequent year of Project implementation in accordance with the Project Operations Manual, including the Scholarship plan described in paragraph 2 of Section 1.C of Schedule 2 to this Agreement; and (c) ensure that the Project is carried out in accordance with each such approved annual work plan and budget.

3. The Borrower, through RISTEK, shall ensure that the proceeds of the Loan are used exclusively for the purposes of the Project and are not used to finance any research grant or any other research funding made by RISTEK or any other agency of the Borrower to any individual researchers or institutions, whether a person, company or institution.

4. 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 be satisfactory to the Bank following its review thereof.

5. In carrying out the Project, the Borrower, through RISTEK, shall introduce, where applicable, international environmental health and safety guidelines and best practices in managing research projects, satisfactory to the Bank.

6. The Borrower, through RISTEK, shall apply clear and transparent selection criteria, consistent with the requirements of the Project Operations Manual, for selection of participants in study tours, short courses, trainings and workshops.
7. In carrying out Part 1(b) of the Project, the Borrower, through RISTEK, shall ensure that: (a) an annual assessment of LPNK performance, based on targets set in each LPNK institutional development plan, is carried out by a panel, comprised of experts acceptable to RISTEK and a copy of each such assessment shall be furnished to the Bank for a non-objection no later than one (1) month following its completion; and (b) pilots under Part 1(b)(iii) are selected, implemented and subject to independent institutional assessment in accordance with the Project Operations Manual.

8. The Borrower shall ensure that RISTEK shall engage within ninety (90) days following the Effective Date, technical advisory support for the carrying out of the Project, on terms of reference acceptable to RISTEK and the Bank and in accordance with the Project implementation schedule set out in the Project Operations Manual, including: (a) technical advisors for Part 1 and Part 2 of the Project; (b) a consultant to assist in the management of Scholarships for Part 3 of the Project; and (c) a procurement consultant and a financial management consultant for all Parts of the Project.

9. The Borrower, through RISTEK, shall ensure that the RISTEK Inspectorate shall include Project activities in its internal audits.

C. Scholarships

1. The Borrower, through RISTEK, shall review all applications for Scholarships under each of the Fellowship Program and the Non-degree Professional Course and Training Program, and thereafter monitor and evaluate all Scholarships awarded under such programs, in accordance with the provisions of the Project Operations Manual.

2. The Borrower, through RISTEK, shall ensure that: (a) for the first year of Project implementation, the training plan and budget covering the Scholarships shall be as set out in the Project Operations Manual; and (b) for each subsequent year of Project implementation, RISTEK shall prepare an annual training plan and budget covering Scholarships, submit such plan to the Bank for no objection by October 31 in the year preceding the year of such plan, and thereafter implement such plan.

3. No proposed Recipient shall be eligible for a Scholarship unless, on the basis of a review conducted by a panel duly constituted in accordance with the Project Operations Manual, the proposed Recipient is deemed to satisfy the Eligibility and Selection Criteria set out in the Project Operations Manual, which shall include the criteria set out below.

(a) The proposed Recipient: (i) is a member in good standing of the Borrower’s civil service; (ii) meets the requirements for technical/professional expertise and years of experience set out in the Project Operations Manual; (iii) has an adequate academic record (such as grade point average); (iv) has performed satisfactorily in qualification tests/interviews as set out in the Project Operations Manual; (v) has a role in RISTEK and the LPNK sponsoring such Recipient that had been decided by the selection panel to be aligned with the priorities of RISTEK and such LPNK; and (vi) has performed satisfactorily in Pre-Departure Training (for the Fellowship Program), as required by the Project Operations Manual.
(b) The proposed Scholarship Activity to be undertaken by the Recipient: (i) is for a Masters Degree or Ph.D for the Fellowship Program; or (ii) is for (A) a tailor-made or existing course or immersion/training program run by a Training Provider domestically or overseas; or (B) a class offered domestically by a visiting researcher or scholar.

(c) The proposed Learning Institution to be attended by the Recipient or Training Provider to provide the Scholarship Activity meets the quality assurance standards set out in the Project Operations Manual.

4. The Borrower, through RISTEK, shall ensure that each Scholarship shall be disbursed in accordance with the requirements of the Project Operations Manual, which shall, except as may be otherwise agreed in writing between the Borrower and the Bank, include the requirements set out below.

(a) Tuition Costs Paid Directly to Learning Institutions or Training Providers

(i) RISTEK shall make payment of all Tuition Costs for each Scholarship directly to the Learning Institution or Training Provider identified for the respective Scholarship Activity.

(ii) RISTEK shall ensure that each such payment of Tuition Costs shall be made to the Learning Institution or Training Provider pursuant to a written agreement under terms and conditions described in the Project Operations Manual, which shall include the following:

(A) the obligation of the Learning Institution or Training Provider to: (1) furnish to RISTEK records reflecting the application of the transferred amount to the Tuition Costs for the Scholarship Activity of the specified Recipient; and (2) to use the proceeds of the Tuition Costs in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Borrower; and

(B) the right of RISTEK to: (1) obtain all information as it, or the Bank, shall reasonably request regarding the tuition payment; and (2) obtain a refund of all or any part of the amount of the Tuition Costs payment in the event that such payment is used by the Learning Institution or Training Provider other than for the purpose of the tuition of the specified Recipient.

(iii) RISTEK shall not make any payment of Tuition Costs to a Learning Institution or Training Provider which has not entered into a written agreement with RISTEK meeting the requirements set out in sub-paragraph (ii) of this paragraph 4(a).

(b) Pre-Departure Training Paid Directly to Pre-Departure Training Providers

(i) RISTEK shall make payment directly to each Pre-Departure Training Provider for all Pre-Departure Training Costs related to each Fellowship Program Scholarship Activity for which Pre-Departure Training is required in accordance with the requirements of the Project Operations Manual.
(ii) RISTEK shall ensure that each such payment of Pre-Departure Training Costs shall be made to the Pre-Departure Training Provider pursuant to a written agreement under terms and conditions described in the Project Operations Manual, which shall include the following:

(A) the obligation of the Pre-Departure Training Provider to: (1) furnish to RISTEK records reflecting the application of the transferred amount to Pre-Departure Training required for the Scholarship Activity of the specified Recipient; and (2) to use the proceeds of the Pre-Departure Training Costs in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Borrower; and

(B) the right of RISTEK to: (1) obtain all information as it, or the Bank, shall reasonably request regarding the tuition payment; and (2) obtain a refund of all or any part of the amount of the Pre-Departure Training payment in the event that such payment is used by the Pre-Departure Training Provider other than for the purpose of providing pre-departure training to the specified Recipient.

(iii) RISTEK shall not make any payment of Pre-Departure Training Costs to a Pre-Departure Training Provider who has not entered into a written agreement with RISTEK meeting the requirements set out in sub-paragraph (ii) of this paragraph 4(b).

(c) Non-Tuition Costs Paid Directly to Recipients:

(i) RISTEK shall make payment to each Recipient for the Non-Tuition Costs for the Scholarship on a grant basis. Only those Recipients undertaking: (A) Fellowship Program Scholarship Activities conducted overseas, or (B) Non-Degree Profession Course and Training Program Scholarship Activities conducted overseas or in a city that is not the home of the Recipient on record with RISTEK or the LPNK shall qualify for Non-Tuition Costs.

(ii) RISTEK shall ensure that each such payment of Non-Tuition costs shall be made to the Recipient pursuant to a written agreement to be entered into between such Recipient and RISTEK under terms and conditions described in the Project Operations Manual, which shall include the following:

(A) a description of the Scholarship Activity, Tuition Costs, and Non-Tuition Costs and the provision of the Scholarship;

(B) the obligation of the Recipient to use the Scholarship solely for the purposes of the Scholarship Activity and to carry out and successfully complete the Scholarship Activity: (1) with due diligence and efficiency; and (2) in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Borrower, and the Project Operations Manual;
(C) the obligation of the Scholar to furnish to the Borrower academic records reflecting the carrying out of the Scholarship Activity upon completion of each academic term and completion of the Scholarship Activity and all such other information as the Bank shall reasonably requests; and

(D) the right of RISTEK, on behalf of the Borrower, to suspend or terminate the right of the Recipient to use the proceeds of the Scholarship, or obtain a refund of all or any part of the amount of the Scholarship then withdrawn, as the case may be, upon failure by the Recipient to perform any of the Recipient’s obligations under the Scholarship Agreement.

(iii) RISTEK shall not make any payment of Non-Tuition Costs to a Recipient who has not entered into a written agreement with RISTEK meeting the requirements set out in sub-paragraph (ii) of this paragraph 4(c).

5. The Borrower, through RISTEK, shall establish prior to the commencement of the first round of Scholarship applications, and shall maintain and operate until completion of Part 3 of the Project, a complaints handling system, meeting the requirements set out in the Project Operations Manual and the Better Governance Action Plan, to address concerns of Scholarship applicants and other stakeholders related to Part 3 of the Project in a fair and transparent manner.

6. The Borrower, through RISTEK, shall ensure that all Recipients of Scholarships shall participate in a re-entry program designed and implemented in accordance with the Project Operations Manual. The implementation of the re-entry program shall be included in the project reports prepared by the Borrower, through RISTEK, in accordance with Section II.A of this Schedule 2.

D. Anti-Corruption

The Borrower, through RISTEK, shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines and the Better Governance Action Plan.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

The Borrower, through RISTEK, 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 acceptable to the Bank. Each Project Report shall cover the period of one 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. Mid-Term Review

1. The Borrower, through RISTEK shall:

(a) carry out jointly with the Bank, no later than December 31, 2016 or such other date as may be agreed in writing by the Borrower and the Bank, a midterm review to assess the status of Project implementation, as measured against the performance indicators referred
to in Section II.A of this Schedule 2. Such review shall include an assessment of the following: (i) overall progress in Project implementation; (ii) results of monitoring and evaluation activities; (iii) progress on implementation of annual work plans and budgets; (iv) progress on procurement and disbursement; (v) implementation arrangements; and (vi) the need to make any adjustments to the Project and reallocate funds to improve performance;

(b) prepare and furnish to the Bank, at least three (3) months before such review, a report, in scope and detail satisfactory to the Borrower and the Bank, needed to undertake the review, integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section on the progress achieved in the carrying out of the Project during the period preceding the date of the said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objective thereof during the period following such date; and

(c) review, jointly with the Bank, the report referred to in paragraph (b) of this Section and thereafter take all measures required to ensure the efficient completion of the Project and the achievement of the objective thereof, based on the conclusions and recommendations of such report and the Bank’s views on the matter.

C. 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, as 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 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 (1) fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. Non-consulting Services. All 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 Non-consulting Services**

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

2. **Other Methods of Procurement of Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding, subject to the additional provisions set out in the Annex to this Schedule; (b) Shopping; and (c) Direct Contracting.

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) Selection based on Consultants’ Qualifications; (b) Single-source Selection of consulting firms; (c) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (d) 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 “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) Consultants’ services, training and workshops* and incremental operating costs* under Part 1 of the Project</td>
<td>4,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Consultants’ services, training and workshops* and incremental operating costs* under Part 2 of the Project</td>
<td>4,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Scholarships under Part 3 of the Project</td>
<td>80,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Non-consultant services, consultants’ services, training and workshops* and incremental operating costs* under Part 4 of the Project</td>
<td>7,000,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td>95,000,000</td>
<td></td>
</tr>
</tbody>
</table>

* For the purposes of this Table: (a) "training and workshops" means Project-related training, workshops and study tours conducted in the territory of the Borrower or overseas, including purchase and publication of materials, rental of facilities, course fees, and travel and subsistence of trainees; and (b) "incremental operating costs" means reasonable costs of incremental expenditures under the Project, including Project management, implementation, and monitoring and evaluation, utilities and supplies, bank charges, communications, vehicle operation, maintenance, and insurance, office space rental, building and equipment maintenance, public awareness-related publicity and media expenses, travel and subsistence, and salaries of contractual and temporary staff, but excluding salaries, bonuses, fees, or honoraria of members of the Borrower's civil service; in each case in accordance with an approved annual work plan and budget specified in paragraph 2 of Section 1.B of this Schedule 2.

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.

2. The Closing Date is December 31, 2020.
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, 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, by mail or in person, to all international bidders who are willing to pay the required fee.

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, 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 in bidding only if they can establish that they are legally and financially autonomous, operate under commercial law, and are not dependent agencies of the Borrower or sub-borrower.
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>April 1, 2022</td>
<td>2.17</td>
</tr>
<tr>
<td>October 1, 2022</td>
<td>2.22</td>
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<tr>
<td>April 1, 2023</td>
<td>2.28</td>
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<td>October 1, 2023</td>
<td>2.34</td>
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<tr>
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<td>October 1, 2024</td>
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<tr>
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<td>2.78</td>
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<tr>
<td>April 1, 2028</td>
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<td>4.44</td>
</tr>
<tr>
<td>April 1, 2037</td>
<td>4.71</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

Definitions


2. "Better Governance Action Plan" means the Borrower’s Better Governance Action Plan, setting forth the actions to be taken by the Borrower and RISTEK, under the Project to promote good governance and accountability and included as a stand-alone chapter in the Project Operations Manual, as such plan may be amended from time to time with the prior written agreement between the Borrower, through RISTEK, and the Bank.


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


6. "Eligibility and Selection Criteria" means the criteria, specified in the Project Operations Manual and consistent with paragraph 3 of Section I.C of Schedule 2 to this Agreement, pursuant to which RISTEK shall award a Scholarship to a Recipient.

7. "Fellowship Program" means the program under which RISTEK shall provide Scholarships to qualified Recipients for degree training programs under Part 3(a) of the Project and meeting the requirements set out in the Project Operations Manual and Section I.C of Schedule 2 to this Agreement.


9. "Learning Institution" means each institution meeting the requirements set out in paragraph 3(c) of Section I.C of Schedule 2 to this Agreement and in the Project Operations Manual, qualified to provide degree training under Part 3(a) of the Project, designated as a Learning Provider by RISTEK, and having entered into a written agreement with RISTEK in accordance with paragraph 4(a) of Section I.C of Schedule 2 to this Agreement. "Learning Institutions" means more than one Learning Institution.

10. "LPNK" means each of the non-ministerial state institute of the Borrower (Lembaga Pemerintah Non Kementerian) participating in the Project, namely, each of: the Indonesian Institute of Sciences (LIPI), the Agency for the Assessment and Application of Technology (BPPT), the National Nuclear Energy Agency (BATAN), the National Institute of Aeronautics and Space (LAPAN), the Geospatial Information Agency (BIG), the National Standardization Agency (BSN) and the Nuclear Energy Regulatory Agency (BAPETEN), or any successor to each of the foregoing. "LPNKs" means more than one LPNK.
11. "Masters Degree" means a post-graduate academic degree conferred by a Learning Institution upon those who have satisfactorily completed the prescribed study beyond a baccalaureate degree.

12. "Non-degree Professional Course and Training Program" means the program under which RISTEK shall provide Scholarships to qualified Recipients for non-degree professional courses and training programs, which may include domestic or overseas tailor-made courses, off-the-shelf courses, individualized immersion or mentor training, and classes taught by visiting scholars and/or researchers, under Part 3(b) of the Project and meeting the requirements set out in the Project Operations Manual and Section I.C of Schedule 2 to this Agreement. "Non-degree Professional Course and Training Programs" means more than one Non-degree Professional Course and Training Program.

13. "Non-Tuition Costs" means all costs qualified to be supported by a Scholarship and paid directly by RISTEK to the Recipient in accordance with paragraph 4(c) of Section I.C of Schedule 2 to this Agreement and the Project Operations Manual, and in all cases excluding Tuition Costs and Pre-Departure Training Costs.

14. "Part" means a Part of the Project described in Schedule 1 to this Agreement. "Parts" means more than one Part of the Project.

15. "Ph.D" means doctor of philosophy, a post-graduate academic degree conferred by a Learning Institution upon those who have satisfactorily completed the prescribed study for the highest or terminal degree in the relevant discipline, following the prior receipt of a baccalaureate degree.

16. "PMO Secretariat" means the PMO Secretariat established by RISTEK pursuant to the Decree of the State Minister of Research and Technology No. 05/M/Kp/I/2013 dated January 7, 2013, as amended from time to time in a manner acceptable to the Bank and operating in accordance with paragraph 4 of Section I.A of Schedule 2 to this Agreement.

17. "Pre-Departure Training" means the training to be provided for Recipients of Scholarships for the Fellowship Program under Part 3(a) of the Project, prior to such Recipients commencing their Scholarship Activities in accordance with paragraph 3(a) of Section I.C of Schedule 2 to this Agreement and the Project Operations Manual.

18. "Pre-Departure Training Costs" means all costs qualified to be supported by a Scholarship and paid directly by RISTEK to a Pre-Departure Training Provider for the purposes of Pre-Departure Training in accordance with paragraph 4(b) of Section I.C of Schedule 2 to this Agreement and the Project Operations Manual.

19. "Pre-Departure Training Provider" means each institution which has entered into a written agreement with RISTEK meeting the requirements set out in paragraph 4(b) of Section I.C of Schedule 2 to this Agreement and the Project Operations Manual, qualified to provide Pre-Departure Training under Part 3(a) of the Project and designated as a Pre-Departure Training Provider by RISTEK. "Pre-Departure Training Providers" mean more than one Pre-Departure Training Provider.

21. "Procurement Plan" means the Borrower's procurement plan for the Project, accepted by the Bank on December 28, 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.

22. "Project Management Office" or "PMO" means the Project management office established by RISTEK pursuant to the Decree of the State Minister of Research and Technology No. 05/M/Kp/I/2013 dated January 7, 2013, as amended from time to time in a manner acceptable to the Bank and operating in accordance with paragraph 3 of Section I.A of Schedule 2 to this Agreement.

23. "Project Operations Manual" means the Project operations manual, acceptable to the Borrower and the Bank, issued by RISTEK on January 15, 2013, and meeting the requirements set out in paragraph 1 of Section I.B of Schedule 2 to this Agreement, and including all annexes and supplements thereto, as such Project Operations Manual may be amended from time to time with the prior written agreement of the Borrower, through RISTEK, and the Bank.

24. "Project Performance Indicators" means the indicators referred to in Section II.A of Schedule 2 to this Agreement, by which the Project will be monitored, as set out in a letter dated the date of this Agreement, between the Borrower and the Bank.

25. "Recipient" means each individual, being a member in good standing of the Borrower's civil service, to whom or for whose benefit a Scholarship is made or proposed to be made in accordance with the Eligibility and Selection Criteria specified in Section I.C of Schedule 2 to this Agreement and in further detail in the Project Operations Manual. "Recipients" means more than one Recipient.

26. "RISTEK" means the Borrower's State Ministry of Research and Technology, or any successor thereto.

27. "RISTEK Inspector General" means the Inspector General of RISTEK, or any successor thereto.

28. "Scholarship" means a grant made or to be made by RISTEK to a Recipient out of the proceeds of the Loan to finance a Scholarship Activity in accordance with Section I.C of Schedule 2 to this Agreement. "Scholarships" means more than one Scholarship.

29. "Scholarship Activity" means a specific activity carried out in accordance with the Fellowship Program under Part 3(a) or the Non-degree Technical Course and Training Program under Part 3(b) of the Project, financed or proposed to be financed through a Scholarship in accordance with the Eligibility and Selection Criteria specified in Section I.C of Schedule 2 to this Agreement and in further detail in the Project Operations Manual. "Scholarship Activities" means more than one Scholarship Activity.

30. "Steering Committee" means the steering committee established pursuant to the Decree of the State Minister of Research and Technology No. 05/M/Kp/I/2013 dated January 7, 2013, as amended from time to time in a manner acceptable to the Bank for the Project, operating in accordance with paragraph 1 of Section I.A of Schedule 2 to this Agreement, as such committee may be re-constituted from time to time with the prior written agreement of the Borrower and the Bank, or any successor entity thereto.
31. "Technical Committee" means the technical committee established pursuant to the Decree of the State Minister of Research and Technology No. 05/M/Kp/I/2013 dated January 7, 2013, as amended from time to time in a manner acceptable to the Bank for the Project, operating in accordance with paragraph 2 of Section I.A of Schedule 2 to this Agreement, as the such committee may be reconstituted from time to time with the prior written agreement of the Borrower and the Bank, or any successor entity thereto.

32. "Training Provider" means each institution meeting the requirements set out in paragraph 3(c) of Section I.C of Schedule 2 to this Agreement and in the Project Operations Manual, qualified to provide one or more Non-Degree Professional Course and Training Programs under Part 3(b) of the Project, designated as a Training Provider by RISTEK and having entered into a written agreement with RISTEK in accordance with paragraph 4(b) of Section I.C of Schedule 2 to this Agreement. "Training Providers" mean more than one Training Provider.

33. "Tuition Costs" means all costs qualified to be supported by a Scholarship and paid directly to a Learning Institution or Training Provider, as applicable, to cover tuition or training and related costs for a Recipient under a Fellowship Program or Non-Degree Professional Course and Training Program in accordance with paragraph 4(a) of Section I.C of Schedule 2 to this Agreement and the Project Operations Manual.