OFFICIAL DOCUMENTS

LOAN NUMBER 8750-ID

Loan Agreement

(Social Assistance Reform Program)

between

REPUBLIC OF INDONESIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated July 10, 2017
LOAN AGREEMENT

AGREEMENT dated July 10, 2017, 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 two hundred million United States Dollars (USD200,000,000) ("Loan"), 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 program described in Schedule 1 to this Agreement ("Program").

2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement. All withdrawals from the Loan Account shall be deposited by the Bank into an account specified by the Borrower and acceptable to the Bank.

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 Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be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 May 1 and November 1 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 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 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 — PROGRAM

3.01. The Borrower declares its commitment to the objectives of the Program. To this end, the Borrower shall carry out the Program through the Ministry of Social Affairs 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 Program is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

4.01. The Additional Condition of Effectiveness consists of the following, namely, that the Ministry of Finance has sent a Letter of Assignment to BPKP to carry out the verification of DLRs achievement for the Program.

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 its 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, Republic of Indonesia, as of the day and year first above written.

REPUBLIC OF INDONESIA

By

Authorized Representative

Name: ROBERT PAPRAHAH
Title: DIRECTOR GENERAL OF BUDGET
FINANCING AND RISK MANAGEMENT

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Authorized Representative

Name: LABUJO A. CHEVER
Title: Country Director, Indonesia
SCHEDULE 1

Program Description

The objectives of the Program are to support conditional cash transfer program coverage expansion, strengthen its delivery system and improve its coordination with other complementary social programs.

The Program consists of the following activities, which form part of the Borrower’s conditional cash transfer program, namely, PKH, as further elaborated in the Borrower’s 2015-2019 mid-term development plan (RPJMN), the Ministry of Social Affairs’ 2015-2019 strategic plan and the decree of the Director General of Social Protection and Security number 12/LJS/09/2016:

1. **Strengthening the PKH Delivery System to Improve Efficiency, Transparency and Accountability.** Simplifying business processes, upgrading the information management system, rolling out electronic payment modalities, implementing an enhanced grievance redress system, strengthening the monitoring and evaluation system, developing a communication strategy, managing human resources and developing error, fraud and corruption detection and control mechanisms.

2. **Improving Access to Basic Social Services and Complementary Social Assistance programs for PKH Beneficiaries.** Enrolling PKH families into, among others, RASTRA, PIS and PIP.

3. **Expanding Coverage and Improving Inclusivity of PKH.** Expanding coverage of PKH particularly to the underserved areas in the Papua region and remote and border areas as categorized by the Ministry of Social Affairs.
SCHEDULE 2
Program Execution

Section I. Implementation Arrangements

A. Program Fiduciary, Environmental and Social Systems

Without limitation on the provisions of Article V of the General Conditions, the Borrower shall carry out the Program, or cause the Program to be carried out, in accordance with financial management, procurement and environmental and social management systems acceptable to the Bank ("Program Fiduciary, Environmental and Social Systems") which are designed to ensure that:

1. the Loan proceeds are used for their intended purposes, with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability; and

2. the actual and potential adverse environmental and social impacts of the Program are identified, avoided, minimized, or mitigated, as the case may be, all through an informed decision-making process.

B. Anti-Corruption

Without limitation on the provisions of Part A of this Section, the Borrower shall carry out the Program, or cause the Program to be carried out, in accordance with the provisions of the Anti-Corruption Guidelines.

C. Other Program Institutional and Implementation Arrangements

1. Program Institutions

Without limitation on the generality of Part A of this Section I, the Borrower shall:

(a) at the national level, maintain, at all times during Program implementation, all with staff, functions and resources satisfactory to the Bank: (i) the National Coordination Team, a policy decision-making body advised by the Coordinating Minister of Human Development and Cultural Affairs, chaired by the Minister of Social Affairs and consisting of echelon 1 representatives of Ministry of Social Affairs, Ministry of Health, Ministry of Education and Culture, Ministry of Finance, BAPPENAS, Ministry of Religious Affairs, Ministry of Communication and Information Technology, Ministry of Home Affairs, Ministry of Manpower, Ministry of Village, Development of Disadvantaged Regions and Transmigration, Ministry of Women Empowerment and Child Protection and Statistics Indonesia; (ii) the National Technical Coordination Team, a policy implementation body chaired by the Director General of Social Protection and Security and consisting of echelon 2 officials responsible for poverty reduction, education, health, children, families, the poor, the disabled, the elderlies, data, information and communication, publication, cooperation, institution, planning, finance and audit; and (iii) the Directorate of Family Social Security to implement PKH;
(b) **at the Provincial level**, maintain, at all times during Program implementation, all with staff, functions and resources satisfactory to the Bank: (i) Provincial Technical Coordination Teams, chaired by heads of Provincial BAPPEDA and consisting of, *inter alia*, heads of Provincial offices (dinas) responsible for education, health, statistics, religious affairs, communication and information technology, manpower, and population and civil registry; and (ii) the Provincial Social Affairs Offices to implement PKH;

(c) **at the District level**, maintain, at all times during Program implementation, all with staff, functions and resources satisfactory to the Bank: (i) District Technical Coordination Teams, chaired by heads of District BAPPEDA and consisting of, *inter alia*, heads of District offices (dinas) responsible for education, health, statistics, religious affairs, communication and information technology, manpower, and population and civil registry; and (ii) the District Social Affairs Offices to implement PKH; and

(d) **at the Sub-district level**, maintain, at all times during Program implementation, all with staff, functions and resources satisfactory to the Bank: (i) Sub-district Technical Coordination Teams chaired by heads of Sub-districts and consisting of, *inter alia*, heads of elementary and secondary education technical implementation unit, heads of health technical implementation unit, PKH facilitators, and heads of Villages; and (ii) the Sub-district Social Affairs Offices to implement PKH.

2. **Program Action Plan**

Without limitation on the generality of Section I.A of this Schedule, the Borrower shall:

(a) undertake the actions set forth in the Program Action Plan in a manner satisfactory to the Bank;

(b) except as the Bank and the Borrower shall otherwise agree in writing, not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the Program Action Plan, or any provision thereof; and

(c) maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with guidelines acceptable to the Bank, the implementation of the Program Action Plan.

**Section II. Excluded Activities**

The Borrower shall ensure that the Program excludes any activities which:

A. in the opinion of the Bank, are likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people; or
B. involve the procurement of: (1) works, estimated to cost seventy five million United States Dollars (USD75,000,000) equivalent or more per contract; (2) goods, estimated to cost fifty million United States Dollars (USD50,000,000) equivalent or more per contract; (3) non-consulting services, estimated to cost fifty million United States Dollars (USD50,000,000) equivalent or more per contract; or (4) consulting services, estimated to cost twenty million United States Dollars (USD20,000,000) equivalent or more per contract.

Section III. Program Monitoring, Reporting and Evaluation; Audits

A. Program Reports

1. The Borrower, through MOSA, shall monitor and evaluate the progress of the Program and prepare Program Reports in accordance with the provisions of Section 5.08 of the General Conditions. Each Program 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 June 30, 2019, the Borrower, through MOSA, shall, in conjunction with the Bank, carry out a mid-term review of the Program ("Mid-term Review"), covering the progress achieved in the implementation of the Program. 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 Program’s monitoring and evaluation activities, on the progress achieved in the carrying out of the Program during the period preceding the date of such report, and setting out the measures recommended to ensure the efficient carrying out of the Program and the achievement of the objective of the Program 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 Program in furtherance of the objective of the Project.

B. Program Financial Audits

Without limitation on the generality of Section I.A of this Schedule 2 and Section 5.09 of the General Conditions, the Borrower shall have the Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Unless otherwise agreed with the Bank, 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 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 may specify from time to time by notice to the Borrower to finance the results (“Disbursement Linked Results” or “DLRs”) achieved by the Borrower, as measured against specific indicators (“Disbursement Linked Indicators” or “DLIs”); all as set forth in the table in paragraph 2 of this Part A, respectively.

2. The following table specifies each category of withdrawal of the proceeds of the Loan (including the Disbursement Linked Indicators as applicable) (“Category”) and the allocation of the amounts of the Loan to each Category:

<table>
<thead>
<tr>
<th>Category (including Disbursement Linked Indicator as applicable)</th>
<th>Disbursement Linked Result (as applicable) *</th>
<th>Amount of the Loan Allocated (expressed in USD)</th>
<th>Formula</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) DLI #1: PKH PMIS enhancements implemented</td>
<td>DLR #1.1: MOSA has developed PKH PMIS enhancement action plan</td>
<td>3,000,000 DLR #1.1: $3,000,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>DLR #1.2: MOSA has satisfactorily implemented PKH PMIS enhancement action plan</td>
<td>4,000,000 DLR #1.2: $4,000,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>DLR #1.3: MOSA has audited PKH PMIS and recommended enhancements</td>
<td>1,000,000 DLR #1.3: $1,000,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>DLR #1.4: MOSA has implemented enhancements recommended in the audit report</td>
<td>2,000,000 DLR #1.4: $2,000,000</td>
<td></td>
</tr>
<tr>
<td>(2) DLI #2: Share of Sub-districts with PKH beneficiary families having switched to cashless payment methods</td>
<td>DLR #2.1: Target: 23% (Baseline: 15%)</td>
<td>10,000,000 DLR #2.1: $10,000,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>DLR #2.2: Target: 73% (Baseline: 23%)</td>
<td>20,000,000 DLR #2.2 Unit Price: $400,000 for each percentage point (1%) increase</td>
<td></td>
</tr>
</tbody>
</table>

*Disbursement Linked Result (as applicable) refers to the specific indicators or actions that have been successfully implemented or achieved by the Borrower.
(3) DLI #3: An enhanced GRS rolled out after evaluation of pilot

| DLR #3.1: MOSA has developed GRS enhancement design | $1,000,000 |
| DLR #3.2: MOSA has implemented and evaluated GRS enhancement pilot | $3,000,000 |
| DLR #3.3: MOSA has rolled out enhanced GRS | $5,000,000 |
| DLR #3.4: MOSA has produced grievance analysis | $1,000,000 |

(4) DLI #4: Share of PKH beneficiary families, for which verification of their respective conditionality is recorded in PKH PMIS

| DLR #4.1: Target: 50% (Baseline: 40%) | $10,000,000 |
| DLR #4.2: Target: 90% (Baseline: 50%) | $20,000,000 |

(5) DLI #5: Share of PKH beneficiary families receiving other social assistance program benefits

| DLR #5.1: Target: 40% (Baseline: 13.6%) | $8,000,000 |
| DLR #5.2: Target: 95% (Baseline: 40%) | $22,000,000 |

(6) DLI #6: Share of PKH beneficiary families whose NIK numbers have been verified

| DLR #6.1: Target: 80% (Baseline: 73.5%) | $4,000,000 |
| DLR #6.2: Target: 95% (Baseline: 80%) | $6,000,000 |
| (7) DLI #7: Number of PKH mother groups receiving FDS from trained facilitators | DLR #7.1: Target: 32,000 mother groups (Baseline: 7,357 mother groups) | 10,400,000 | DLR #7.1: $10,400,000 |
| - | DLR #7.2: Target: 106,000 mother groups (Baseline: 32,000 mother groups) | 29,600,000 | DLR #7.2 Unit Price: $400,000 for every one thousand (1,000) increase of mother groups |

| (8) DLI #8: Total number of PKH beneficiary families | DLR #8.1: Target: 8,000,000 beneficiary families (Baseline: 5,980,000 beneficiary families) | 10,000,000 | DLR #8.1: $10,000,000 |
| - | DLR #8.2: Target: 10,000,000 beneficiary families (Baseline: 8,000,000 beneficiary families) | 10,000,000 | DLR #8.2: Unit Price: $5,000 for every one thousand (1,000) increase of beneficiary families |

| (9) DLI #9: Ratio of number of PKH beneficiary families to number of the targeted families in areas categorized by the Ministry of Social Affairs as remote and border areas | DLR #9.1: Target: 60% (Baseline: 48%) | 5,000,000 | DLR #9.1: $5,000,000 |
| - | DLR #9.2: Target: 85% (Baseline: 60%) | 15,000,000 | DLR #9.2: Unit Price: $600,000 for each percentage point (1%) increase |

**TOTAL AMOUNT** | **200,000,000**

* All DLRs to be completed by December 31, 2020.
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 purposes of Section 2.03 of the General Conditions (renumbered as such pursuant to paragraph 6 of Section II of the Appendix to this Agreement and relating to Program Expenditures), for DLRs achieved prior to the date of this Agreement; and
   
   (c) for any DLR until and unless the Borrower has furnished evidence satisfactory to the Bank that said DLR has been achieved.

2. Notwithstanding the provisions of Part B.1(c) of this Section, the amount of the Loan to be withdrawn upon the verified achievement of any DLR shall be calculated in accordance with the Formula.

3. Notwithstanding the provisions of Part B.1(c) of this Section, if in the opinion of the Bank any of the DLRs has not been achieved, the Bank may, at any time, by notice to the Borrower, decide, in its sole discretion, to:
   
   (a) authorize the withdrawal of such lesser amount of unwithdrawn proceeds of the Loan then allocated to said Category, which, in the opinion of the Bank, corresponds to the extent of achievement of said DLR;
   
   (b) withhold all or a portion of the proceeds of the Loan then allocated to said DLR(s) until such DLR(s) is satisfactorily met;
   
   (c) reallocate all or a portion of the proceeds of the Loan then allocated to said DLR to any other DLR(s); and/or
   
   (d) cancel all or a portion of the proceeds of the Loan then allocated to said DLR(s).

4. The Closing Date is June 30, 2021.

5. Notwithstanding the foregoing provisions of this Section IV, if at any time after the Closing Date the Borrower has failed to provide evidence satisfactory to the Bank that the Withdrawn Loan Balance does not exceed the total amount of Program Expenditures, the Borrower shall, promptly upon notice from the Bank, refund to the Bank such excess amount of the Withdrawn Loan Balance. The Bank shall cancel the refunded amount of the Withdrawn Loan Balance.
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>November 1, 2023</td>
<td>6.05</td>
</tr>
<tr>
<td>May 1, 2024</td>
<td>6.20</td>
</tr>
<tr>
<td>November 1, 2024</td>
<td>6.36</td>
</tr>
<tr>
<td>May 1, 2025</td>
<td>6.52</td>
</tr>
<tr>
<td>November 1, 2025</td>
<td>6.68</td>
</tr>
<tr>
<td>May 1, 2026</td>
<td>6.85</td>
</tr>
<tr>
<td>November 1, 2026</td>
<td>7.02</td>
</tr>
<tr>
<td>May 1, 2027</td>
<td>7.19</td>
</tr>
<tr>
<td>November 1, 2027</td>
<td>7.37</td>
</tr>
<tr>
<td>May 1, 2028</td>
<td>7.56</td>
</tr>
<tr>
<td>November 1, 2028</td>
<td>7.75</td>
</tr>
<tr>
<td>May 1, 2029</td>
<td>7.94</td>
</tr>
<tr>
<td>November 1, 2029</td>
<td>8.14</td>
</tr>
<tr>
<td>May 1, 2030</td>
<td>8.37</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. “BAPPEDA” means Badan Perencanaan Pembangunan Daerah, the Borrower’s agency responsible for regional development planning, or any successor thereto.

3. “BAPPENAS” means Badan Perencanaan Pembangunan Nasional, the Borrower’s ministry responsible for national development planning, or any successor thereto.

4. “BPKP” means Badan Pengawasan Keuangan dan Pembangunan, the Borrower’s agency responsible for finance and development supervision, or any successor thereto.

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

6. “Coordinating Minister of Human Development and Cultural Affairs” means the Borrower’s coordinating minister responsible for human development and cultural affairs, or any successor thereto.

7. “Director General of Social Protection and Security” means the Ministry of Social Affairs’ director general responsible for social protection and assurance, including PKH, or any successor thereto.


9. “Disbursement Linked Indicator” or “DLI” means in respect of a given Category, the indicator related to said Category as set forth in the tables in Section IV.A.2 of Schedule 2 to this Agreement.

10. “Disbursement Linked Result” or “DLR” means in respect of a given Category, the result under said Category as set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement, on the basis of the achievement of which, the amount of the Loan allocated to said result may be withdrawn in accordance with the provisions of said Section IV.

11. “District” means an administrative sub-division of a Province.

12. “District Social Affairs Office” means the office responsible for social affairs (dinas sosial) at a District, or any successor thereto; and “District Social Affairs Offices” means, collectively, all such offices.
13. "District Technical Coordination Team" means a technical coordination team referred to in Section I.C.1(c)(i) and responsible for technical coordination among District offices, or any successor thereto; and "District Technical Coordination Teams" means, collectively, all such District technical coordination teams.

14. "FDS" means a family development session, a learning session for beneficiary groups.

15. "Formula" means the measure for calculating disbursements against DLRs, given by the product of the DLR Unit Price per the actual target achieved, as determined by the Bank.


17. "GRS" means grievance redressal system.

18. "Letter of Assignment" means the letter of assignment to be sent by the Ministry of Finance to BPKP, providing for the arrangements and terms of reference for the verification of the DLRs of the Program, acceptable to the Bank.

19. "Ministry of Communication and Information Technology" means the Borrower’s ministry responsible for communication and information technology, or any successor thereto.

20. "Ministry of Education and Culture" means the Borrower’s ministry responsible for education and culture, or any successor thereto.

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

22. "Ministry of Health" means the Borrower’s ministry responsible for health, or any successor thereto.

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

24. "Ministry of Manpower" means the Borrower’s ministry responsible for manpower and transmigration, or any successor thereto.

25. "Ministry of Religious Affairs" means the Borrower’s ministry responsible for religious affairs, or any successor thereto.

26. "Ministry of Social Affairs" or "MOSA" means the Borrower’s ministry responsible for social affairs, or any successor thereto.

27. "Ministry of Village, Development of Disadvantaged Regions and Transmigration" means the Borrower’s ministry responsible for villages, the development of disadvantaged regions and transmigration, or any successor thereto.

29. “National Coordination Team” means the Borrower’s national coordination team referred to in Section I.C.1(a)(i), established and operating pursuant to Director General of Social Protection and Security Decree number 12/LJS/09/2016, or any successor thereto.

30. “National Technical Coordination Team” means the Borrower’s national technical coordination team referred to in Section I.C.1(a)(ii), established and operating pursuant to Director General of Social Protection and Security Decree number 12/LJS/09/2016, or any successor thereto.

31. “NIK” means nomor induk kependudukan, the Borrower’s civil registry number.

32. “PIP” means Program Indonesia Pintar, the Borrower’s education cash assistance program for poor and vulnerable primary and secondary school students, operating pursuant to the Borrower’s 2015-2019 national mid-term development plan, or any successor thereto.

33. “PIS” means Program Indonesia Sehat, the Borrower’s health insurance for the poor program, operating pursuant to the Borrower’s Law No. 40 of 2014, or any successor thereto.

34. “PKH” means Program Keluarga Harapan, the Borrower’s conditional cash transfer program for poor families, operating pursuant to the Borrower’s 2015-2019 national mid-term development plan, the Ministry of Social Affairs’ 2015-2019 strategic plan and the decree of Director General of Social Protection and Security number 12/LJS/09/2016, or any successor thereto.

35. “PMIS” means Program Management Information System, which: (a) collects, validates, processes and updates data; (b) determines eligibility and selects beneficiary households; (c) calculates payment; (d) generates payment list; and (e) redresses and reconciles grievances.

36. “Program Action Plan” means the Borrower’s plan dated April 7, 2017 and referred to in Section I.C.2 of Schedule 2 to this Agreement, as may be amended from time to time with the agreement of the Bank.

37. “Program Fiduciary and Environmental and Social Systems” means the Borrower’s systems for the Program referred to in Section I.A of Schedule 2 to this Agreement.

38. “Province” means an administrative sub-division of the Borrower’s territory at the first level below the national level.

39. “Provincial Social Affairs Office” means the office responsible for social affairs (dinas social) at a Province, or any successor thereto; and “Provincial Social Affairs Offices” means, collectively, all such offices.
40. “Provincial Technical Coordination Team” means a technical coordination team referred to in Section I.C.1(b)(i) and responsible for technical coordination among Provincial offices, or any successor thereto; and “Provincial Technical Coordination Teams” means, collectively, all such provincial technical coordination teams.

41. “RASTRA” means Beras untuk Rakyat Sejahtera, the Borrower’s rice for the poor program, operating pursuant to the Borrower’s Coordinating Minister of Human Development and Cultural Affairs’ Regulation No. 1 of 2016, or any successor thereto.

42. “RPJMN” means Rencana Pembangunan Jangka Menengah Nasional, the Borrower’s national medium-term development plan, as regulated in the Borrower’s Presidential Regulation No. 2 of 2015, as amended.

43. “Statistics Indonesia” means the Borrower’s institution responsible for statistics, or any successor thereto.

44. “Sub-district” means an administrative sub-division of a District, and “Sub-districts” means, collectively, all such Sub-districts.

45. “Sub-district Social Affairs Office” means the office responsible for social affairs of the Ministry of Social Affairs at a Sub-district, or any successor thereto; and “Sub-district Social Affairs Offices” means, collectively, all such offices.

46. “Sub-district Technical Coordination Team” means a technical coordination team referred to in Section I.C.1(d)(i) and responsible for technical coordination among Sub-district offices, or any successor thereto; and “Sub-district Technical Coordination Teams” means, collectively, all such Sub-district technical coordination teams.

47. “Unit Price” means, in respect of any DLR, the amount set forth in the fourth column of the table in Section IV.A.2 of Schedule 2 to this Agreement.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. Wherever used throughout the General Conditions, the term “the Project” is modified to read “the Program”, the term “the Project Agreement” is modified to read “the Program Agreement”, the term “Project Implementing Entity” is modified to read “Program Implementing Entity”, the term “Project Report” is modified to read “Program Report”; and the term “Eligible Expenditures” is modified to read “Program Expenditures”.

2. In the Table of Contents, the references to Sections, Section names and Section numbers are modified to reflect the amendments set forth below.

3. Section 2.02, Special Commitment by the Bank, is deleted in its entirety, and the subsequent Sections in Article II are renumbered accordingly.
4. In Section 2.02 (originally numbered as Section 2.03), the heading “Applications for Withdrawal or for Special Commitment” is replaced with “Applications for Withdrawal”, and the phrase “or to request the Bank to enter into a Special Commitment” is deleted.

5. The section originally numbered as Section 2.04, Designated Accounts is deleted in its entirety, and the subsequent Sections in Article II are renumbered accordingly.

6. Paragraph (a) of Section 2.03 (originally numbered as Section 2.05), Eligible Expenditures (renamed “Program Expenditures” in accordance with paragraph 1 of this Section II), is modified to read: “(a) the payment is for the financing of the reasonable cost of expenditures required for the Program and to be financed out of the proceeds of the Loan in accordance with the provisions of the Legal Agreements;”.

7. The last sentence of Section 2.04 (originally numbered as Section 2.06), Financing Taxes, is modified to read: “To that end, if the Bank at any time determines that the amount of any such Tax is excessive, or that such Tax is discriminatory or otherwise unreasonable, the Bank may, by notice to the Borrower, exclude such amount or such Tax from the Program Expenditures to be financed out of the proceeds of the Loan, as required to ensure consistency with such policy of the Bank.”

8. Section 2.06 (originally numbered as Section 2.08), Reallocation, is modified to read:

“Notwithstanding any allocation of an amount of the Loan to a withdrawal category under the Loan Agreement, the Bank may, by notice to the Borrower, reallocate any other amount of the Loan to such category if the Bank reasonably determines at any time that such reallocation is appropriate for the purposes of the Program.

9. 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.”

10. Section 7.01, Cancellation by the Borrower, is modified to read: “The Borrower may, by notice to the Bank, cancel any amount of the Unwithdrawn Loan Balance.”

11. Paragraph (d) of Section 7.03, Cancellation by the Bank, entitled “Misprocurement”, is deleted, and subsequent paragraphs are relettered accordingly.
12. Section 7.04, *Amounts Subject to Special Commitment not Affected by Cancellation or Suspension by the Bank*, is deleted in its entirety, and subsequent Sections in Article VII and references to such Sections are renumbered accordingly.

13. In the Appendix, **Definitions**, all references to Section numbers and paragraphs are modified, as necessary, to reflect the modifications set forth above.

14. A new paragraph 19 is inserted with the following definition of “Commitment Charge”, and the remaining paragraphs are renumbered accordingly:

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

15. In the renumbered paragraph 49 (originally paragraph 48) of the Appendix, the definition of “Front-end Fee” is modified by replacing the reference to Section 3.01 with Section 3.01 (a).

16. In the renumbered paragraph 68 (originally paragraph 67) of the Appendix, the definition of the term “Loan Payment” is modified to read as follows:

   “68. “Loan Payment” means any amount payable by the Loan Parties to the Bank pursuant to the Legal Agreements or these General Conditions, including (but not limited to) any amount of the Withdrawn Loan Balance, interest, the Front-end Fee, the Commitment Charge, interest at the Default Interest Rate (if any), any prepayment premium, any transaction fee for a Conversion or early termination of a Conversion, the Variable Spread Fixing Charge (if any), any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by the Borrower.”

17. In the renumbered paragraph 73 (originally paragraph 72) of the Appendix, the definition of “Payment Date” is modified by deleting the word “is” and inserting the words “and Commitment Charge are” after the word “interest”.

18. Renumbered paragraph 88 (originally paragraph 87) of the Appendix, setting forth the definition of “Special Commitment” is deleted in its entirety, and all subsequent paragraphs are renumbered accordingly.