Loan Agreement

(Upper Cisokan Pumped Storage Hydro-Electrical Power (1040 MW) Project)

between

REPUBLIC OF INDONESIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated November 29, 2011
LOAN AGREEMENT

AGREEMENT dated November 29, 2011, 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 six hundred forty million United States Dollars (US$640,000,000), 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 sixty (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 Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty (30) days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02(e) of the General Conditions.

2.05. The Payment Dates are March 15 and September 15 in each year.
2.06. The principal amount of the Loan shall be repaid in accordance with the provisions of Schedule 3 to this Agreement.

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prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa, or 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 applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate.

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

ARTICLE III — PROJECT

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

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

ARTICLE IV — REMEDIES OF THE BANK

4.01. The Additional Event of Suspension consists of the following, namely, the Project Implementing Entity's Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.

4.02. The Additional Event of Acceleration consists of the following, namely, the event specified in Section 4.01 of this Agreement occurs.
ARTICLE V — EFFECTIVENESS; TERMINATION

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

(a) The Subsidiary Loan Agreement has been executed on behalf of the Borrower and the Project Implementing Entity.

(b) The Location Determination for the Project has been issued.

5.02. The Additional Legal Matters consist of the following:

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

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

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

ARTICLE IV — REPRESENTATIVE; ADDRESSES

6.01. The Borrower’s Representative is its minister at the time responsible for finance.

6.02. The Borrower’s Address is:

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

Cable: FINMINISTRY 45799
Telex: DJMLN-IA
Facsimile: 62-21-381-2859

Jakarta 44319 DEPKEU-IA
6.03. The Bank's Address is:

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

Cable address: INTBAFRAD
Telex: 248423(MCI) or 64145(MCI)
Facsimile: 1-202-477-6391

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

REPUBLIC OF INDONESIA

By

Rahmat Waluyanto
Authorized Representative

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Authorized Representative
SCHEDULE 1

Project Description

The objective of the proposed project is to significantly increase peaking capacity of the power generation system in Java-Bali in an environmentally and socially sustainable way and strengthen the Project Implementing Entity’s institutional capacity in hydropower planning, development and operation.

The Project consists of the following parts:

Part 1: Development of the Upper Cisokan Pumped Storage Power Plant

(a) Dam and Appurtenant Structures and Access. Development, construction and operation of the Upper Cisokan Pumped Storage Power Plant in West Java at the catchment of the Upper Cisokan River with an installed capacity of 1,040 megawatts, including:

(i) the construction of: (A) a new Lower Reservoir with approximately 10 million cubic meters of active storage impounded by a roller compacted concrete dam with a maximum height of approximately 98.0 meters; and (B) a new Upper Reservoir with approximately 10 million cubic meters of active storage impounded by a roller compacted concrete dam with a maximum height of approximately 75.5 meters;

(ii) the construction of waterway structures, including two headrace tunnels with a total length of approximately 2,380 meters connecting the Lower Reservoir and Upper Reservoir, an underground powerhouse, an outdoor 500 kilovolts switchyard, and related hydraulic metal works and building works;

(iii) the installation of the generator-motor and related electrical equipment with an installed capacity of approximately 4x260 megawatts, and the installation of hydraulic pump-turbine and auxiliary equipment with an installed capacity of approximately 4x275 megawatts;

(iv) project preparatory works, including construction of the Access Roads (widening of existing road segments and construction of new road segments) from the existing quarry at Gunung Karang to the Upper Reservoir and Lower Reservoir construction sites; and

(v) installation of a short 20 kilovolts distribution line to assist with construction power needs.
(b) **Transmission Lines.** Construction of two double circuit 500 kilovolts transmission lines to connect the Upper Cisokan Pumped Storage Power Plant to the existing Java-Bali power system at the Cibinong-Saguling line.

(c) Provision of support for implementation of the above activities, including assistance in pre-construction engineering design, procurement, and construction management and supervision.

(d) **Project Administration.** Provision of support for project administrative activities to be conducted by the Project Implementation Unit.

**Part 2: Social and Environmental Impact Management**

(a) **Land Acquisition, Resettlement and Livelihoods Restoration.** Provision of support for the implementation of the Land Acquisition and Resettlement Action Plans, including resettlement, rehabilitation, compensation and livelihoods development measures that will improve, or at least maintain, people's pre-project living standards and income earning capacity.

(b) **Environment Management.** Provision of support for the implementation by the Project Implementing Entity of the Environmental Management Plan and Supporting Plans.

**Part 3: Feasibility Study and Preparation of Design and Bid Documents for Matenggeng Pumped Storage Power Project, and related Capacity Building**

(a) Provision of support for the undertaking of a feasibility study and the preparation of basic design and bid documents for the future planned Matenggeng Pumped Storage Project in Central Java with a planned installed capacity of approximately 880 megawatts, including: (i) updating of previous studies to verify engineering and economic feasibility and preparation of basic design and bid documents; and (ii) preparation of an environmental impact assessment study and the development of land acquisition and resettlement plans.

(b) Provision of capacity building assistance to the Project Implementing Entity for the planning, development and operation of hydropower projects, especially pumped storage hydropower projects.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Subsidiary Loan Agreement.

1. To facilitate the carrying out of the Project, the Borrower shall make the proceeds of the Loan available to the Project Implementing Entity under a Subsidiary Loan Agreement between the Borrower and the Project Implementing Entity, in accordance with the regulations of the Borrower in this regard and under terms and conditions agreed by the Borrower and the Bank, and which shall include the following obligations of the Project Implementing Entity:

   (a) to make: (i) payment to the Borrower of a front-end fee in an amount equal to the Front-end Fee specified in Section 2.03 of this Agreement; (ii) repayment to the Borrower of the proceeds of the Loan over a period consistent with Section 2.06 of this Agreement; and (iii) payment to the Borrower of interest on the Withdrawn Loan Balance at a variable rate per annum equal to the rate payable by the Borrower pursuant to Section 2.04 of this Agreement, subject to any request that the Borrower may make pursuant to Section 2.07 of this Agreement, plus a maximum of one half of one percent (0.5%); and

   (b) to ensure that the Project is carried out in accordance with all of the provisions of the Loan Agreement and the Project Agreement applicable to the Project Implementing Entity.

2. The Borrower shall exercise its rights under the Subsidiary Loan Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Borrower and the Bank shall otherwise agree in writing, the Borrower shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned, or any provision thereof.

B. Implementation Arrangements

1. The Borrower shall: (a) ensure that the Project is carried out in accordance with the Project Implementation Plan and the Procurement Manual; and (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 aforementioned, or any provision thereof.
2. In the event of any conflict between the provisions of the Project Implementation Plan or Procurement Manual and those of this Agreement, the latter shall prevail.

C. Anti-Corruption

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

D. Safeguards

1. The Project will be implemented by the Project Implementing Entity in accordance with the Environmental Management Plan and Land Acquisition and Resettlement Action Plans.

2. The Borrower shall take all measures necessary to comply with, or measures necessary to enable the Project Implementing Entity to complete the acquisition of land and all rights to use related thereto required for the Project Implementing Entity to carry out the Project and to comply with, the provisions of Section I.D of the Schedule to the Project Agreement.

3. The Borrower shall ensure that the following are financed exclusively out of its own resources or other resources and not out of the proceeds of the Loan, and provide, promptly as needed, the resources needed for this purpose: (a) all land acquisition required for the purposes of the Project; (b) resettlement and rehabilitation payments and other assistance to Affected Persons in accordance with the Land Acquisition and Resettlement Plans; and (c) all activities related to implementation of the Environmental Management Plan and Supporting Plans under Part 2 of the Project.

4. Notwithstanding any activities carried out under Part 3 of the Project, the Borrower expressly acknowledges and agrees that: (a) the Bank makes no commitment to fund and/or supervise the implementation of the Matenggeng Pumped Storage Power Project; and (b) the Bank shall not be held responsible for, and hereby agrees to hold the Bank harmless from, any liabilities associated with the Matenggeng Pumped Storage Power Project in the event that the Borrower or the Project Implementing Entity obtains financing for such project from sources other than the Bank and/or applies national standards, the standards of such financiers, or any other standards in the design, construction and/or operation of such project.
Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

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

B. Financial Management, Financial Reports and Audits

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

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

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

3. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.
B. Particular Methods of Procurement of Goods, Works and Non-Consulting Services

**International Competitive Bidding.** Goods, works and services other than consultants’ services shall be procured under contracts awarded on the basis of International Competitive Bidding.

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 table specifies the methods of procurement, other than Quality- and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Quality Based Selection Selection</td>
</tr>
<tr>
<td>(b) Selection Based on Consultants Qualifications</td>
</tr>
<tr>
<td>(c) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines</td>
</tr>
<tr>
<td>for the Selection of Individual Consultants</td>
</tr>
<tr>
<td>(d) Sole Source Procedures for the Selection of Individual Consultants</td>
</tr>
</tbody>
</table>

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): (a) to finance the Front-end Fee in accordance with Section 2.07(b) of the General Conditions; and (b) 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>Goods, works, non-consulting services and consultants' services under Part 1 and Part 3 of the Project</td>
<td>640,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>640,000,000</td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

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

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

   (b) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed $64,000,000 equivalent may be made for payments made prior to this date but on or after October 1, 2010, for Eligible Expenditures.

2. The Closing Date is December 31, 2018.
SCHEDULE 3
Amortization Schedule

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>September 15, 2020</td>
<td>2.17</td>
</tr>
<tr>
<td>March 15, 2021</td>
<td>2.22</td>
</tr>
<tr>
<td>September 15, 2021</td>
<td>2.28</td>
</tr>
<tr>
<td>March 15, 2022</td>
<td>2.34</td>
</tr>
<tr>
<td>September 15, 2022</td>
<td>2.40</td>
</tr>
<tr>
<td>March 15, 2023</td>
<td>2.46</td>
</tr>
<tr>
<td>September 15, 2023</td>
<td>2.52</td>
</tr>
<tr>
<td>March 15, 2024</td>
<td>2.58</td>
</tr>
<tr>
<td>September 15, 2024</td>
<td>2.64</td>
</tr>
<tr>
<td>March 15, 2025</td>
<td>2.71</td>
</tr>
<tr>
<td>September 15, 2025</td>
<td>2.78</td>
</tr>
<tr>
<td>March 15, 2026</td>
<td>2.85</td>
</tr>
<tr>
<td>September 15, 2026</td>
<td>2.92</td>
</tr>
<tr>
<td>March 15, 2027</td>
<td>2.99</td>
</tr>
<tr>
<td>September 15, 2027</td>
<td>3.07</td>
</tr>
<tr>
<td>March 15, 2028</td>
<td>3.14</td>
</tr>
<tr>
<td>September 15, 2028</td>
<td>3.22</td>
</tr>
<tr>
<td>March 15, 2029</td>
<td>3.30</td>
</tr>
<tr>
<td>September 15, 2029</td>
<td>3.38</td>
</tr>
<tr>
<td>March 15, 2030</td>
<td>3.47</td>
</tr>
<tr>
<td>September 15, 2030</td>
<td>3.56</td>
</tr>
<tr>
<td>March 15, 2031</td>
<td>3.65</td>
</tr>
<tr>
<td>September 15, 2031</td>
<td>3.74</td>
</tr>
<tr>
<td>March 15, 2032</td>
<td>3.83</td>
</tr>
<tr>
<td>September 15, 2032</td>
<td>3.93</td>
</tr>
</tbody>
</table>
2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:

   (a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.

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

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

   (b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.
4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

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

Definitions

1. "Access Roads" means the approximately 34 kilometers of roads (widening of approximately 6.7 kilometers of existing road segments and construction of new road segments) from the existing quarry at Gunung Karang to the Upper Reservoir and Lower Reservoir construction sites under Part 1(a)(iv) of the Project.

2. "Access Road and Quarry LARAP" means the Project Implementing Entity's "Access Road and Quarry Land Acquisition and Resettlement Plan", dated March 18, 2011 meeting the requirements of the Bank (Operational Policy 4.12/Bank Procedures 4.12 on Involuntary Resettlement in effect as of the date of such LARAP) and acceptable to the Bank, setting out the arrangements pertaining to land acquisition and the compensation, resettlement, and rehabilitation of Affected Persons in respect of the Access Roads under the Project, as the same may be modified from time to time with the prior written agreement of the Bank, and such term includes any schedules or annexes to such plan.

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


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

6. "Central Government" means the ministries and agencies of the national-level government of the Borrower involved in the Project, including the Ministry of Finance of the Borrower, the Ministry of Energy and Mineral Resources of the Borrower, the Ministry of Forestry of the Borrower and the National Land Agency of the Borrower, or any successor to any such ministry or agency.

8. "Dam Safety Plan" means the plan, dated March 10, 2010, acceptable to the Bank, developed and approved by the Project Implementing Entity, and referred to in Section I.D of the Schedule to the Project Agreement, setting out: (a) measures, including organization, staffing levels, procedures, equipment, and supervision qualifications, for supervision and quality assurance of the construction of or work on the Upper Cisokan Pumped Storage Power Plant, including the Upper Reservoir and Lower Reservoir and dams; (b) measures for the installation of instruments to monitor and record the behavior of and the hydro-meteorological, structural, and seismic factors relating to the Upper Cisokan Pumped Storage Power Plant, including the Upper Reservoir and Lower Reservoir and dams; (c) measures, including organization, staffing levels, procedures, equipment, and supervision qualifications, for supervision and quality assurance of: the operation and maintenance of the Upper Cisokan Pumped Storage Power Plant, including the Upper Reservoir and Lower Reservoir and dams; and (d) measures, including clear statements on the responsibility for operations decision making and related emergency communications, maps outlining inundation levels for various emergency conditions, flood warning system characteristics, and procedures for evaluating threatened areas and mobilizing emergency forces and equipment, for when facility failure is considered imminent or when expected operational flow release threatens downstream life, property, or economic operations that depend on river flow levels relating to Upper Cisokan Pumped Storage Power Plant, including the Upper Reservoir and Lower Reservoir and dams, as such Dam Safety Plan may be revised from time to time in accordance with the requirements of this Agreement and the Project Agreement, and such term includes any schedules or annexes to such plan.

9. "Department of Finance" means the department of the Project Implementing Entity (as hereinafter defined) responsible for finance, or any successor thereto.

10. "Department of Planning and Technology" means the department of the Project Implementing Entity responsible for planning and technology, or any successor thereto.

11. "Department of Strategic Procurement" means the department of the Project Implementing Entity responsible for procurement, or any successor thereto.

12. "Environmental Management Plan" means the Project Implementing Entity's plan, dated March 15, 2011 and acceptable to the Bank, referred to in Section I.D of the Schedule to the Project Agreement, setting out mitigation, enhancement,
monitoring, and institutional measures, including capacity building through training, to eliminate any adverse environmental impacts of activities to be implemented under the Project, offset them, or reduce them to acceptable levels, or enhance positive impacts, as the same may be modified from time to time with the prior written agreement of the Bank, and such term includes any schedules or annexes to such plan.

13. "Environmental and Social Panel" and "ESP" means the independent environmental and social review panel established by the Project Implementing Entity and acceptable to the Bank to provide independent advice on both environmental and social aspects of the Project design and implementation, and regarding measures to enhance the overall environmental and social outcome of the Project, as well as capacity building, as referred to in paragraph 5 of Section I.D of the Schedule to the Project Agreement, as such panel may be reconstituted from time to time with the prior written agreement of the Bank under terms of reference and with experts whose qualifications and experience are acceptable to the Bank.


15. "Governance and Accountability Framework" means the Project Implementing Entity’s framework, part of the Project Implementation Plan, acceptable to the Bank, setting out measures to reinforce Project governance, enhance transparency of Project activities, increase public accountability, and reduce opportunities for corruption, fraud, or collusion, as the same may be modified from time to time with the prior written agreement of the Project Implementing Entity and the Bank, and such term includes any schedules or annexes to such framework.

16. "Governor" means the head of the executive branch at the Province level.

17. "Java-Bali" means, collectively, the provinces of Bali, Banten, Central Java, East Java, Jakarta, West Java, and Yogyakarta in the Borrower’s territory.

18. "Land Acquisition and Resettlement Action Plans" and "LARAPs" means, collectively, the Access Road and Quarry LARAP, the Transmission Lines LARAP and the Upper and Lower Reservoirs LARAP.

19. "Land Acquisition Committee" means the committee to be established by each Local Government following the Location Determination, and required for implementation of the Land Acquisition and Resettlement Action Plans, and "Land Acquisition Committees" means more than one Land Acquisition Committee.
20. "Local Government" means each of the Cianjur and West Bandung district (kabupaten) governments, as the case may be.

21. "Location Determination" means the location determination (Surat Keputusan Penetapan Lokasi Pembangunan) for the Project, referred to in Section 5.01(b) of this Agreement, to be issued by the Governor of West Java Province in order for (a) land acquisition for the Project to proceed and (b) Land Acquisition Committees to be formed in accordance with the regulations of the Borrower.

22. "Lower Reservoir" means the reservoir with a reservoir surface area at high water level of approximately 260 hectares and approximately 10 million cubic meters of active storage and 63 million cubic meters of total reservoir volume impounded by a roller compacted concrete dam with a maximum height of approximately 98 meters and with a crest length of approximately 295 meters to be constructed and operated on the Cisokan River as described in Part 1(a)(i)(A) of the Project.

23. "Matenggeng Pumped Storage Power Project" means the potential hydropower project for which feasibility study and preparation of design and bid documents will be carried out under Part 3 of the Project as described in Schedule 1 to this Agreement.

24. "Ministry of Forestry" means the Ministry of Forestry of the Borrower, or any successor thereto.

25. "MW" means megawatts.

26. "Principal Project Office" means the Principal Project Office Java-Bali Hydropower Generation Business Unit (Unit Induk Pembangunan Hidro Jawa Bali), the department of the Project Implementing Entity responsible for hydropower generation and specifically for implementation of the Project, or any successor thereto.

27. "Procurement Committee" means each entity established by the Department of Strategic Procurement, responsible for, respectively, procurement of goods/works/non-consulting services and procurement of consultants' services for the Project, as referred to in paragraph 6 of Section I.A of the Schedule to the Project Agreement; and "Procurement Committees" means both such entities.

29. "Procurement Manual" means the Project Implementing Entity’s manual, dated March 17, 2011, referred to in paragraph 1 of Section I.B of Schedule 2 to this Agreement and sub-paragraph 1(a) of Section I.B of the Schedule to the Project Agreement, acceptable to the Bank, as the same may be amended from time to time with the prior written agreement of the Project Implementing Entity and Bank, and such term includes any schedules or annexes to such manual.

30. "Procurement Plan" means the Project Implementing Entity’s procurement plan for the Project, dated April 19, 2011 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

31. "Project Area" means the area in West Java Province in the Borrower’s territory in which the Project will be undertaken, within the catchment of the Upper Cisokan River and comprising the locations of: (a) the Transmission Lines; (b) the Upper Reservoir, (c) the Lower Reservoir; (d) the area between the Upper Reservoir and the Lower Reservoir in and under which will be built the related waterway structures, including two headrace tunnels with a total length of approximately 2,375 meters, an underground powerhouse, an outdoor 500 kilovolts switchyard and related hydraulic metal works and building works; (e) the 20 kilovolts distribution line to assist with construction power needs and approximately 30 kilometers long from the existing Cianjur sub-station; and (f) the Access Roads from the existing quarry at Gunung Karang.

32. "Project Engineer" means the consultant appointed by the Project Implementing Entity to the Principal Project Office in accordance with the requirements of Section III of Schedule 2 of this Agreement, with qualifications, experience, terms of reference and responsibilities referred to in paragraph 5 of Section I.A of the Schedule to the Project Agreement.

33. "Project Implementation Plan" means the Project Implementing Entity's plan, dated March 21, 2011, referred to in paragraph 1 of Section I.B of Schedule 2 to this Agreement and paragraph 1(a) of Section I.B of the Schedule to the Project Agreement, acceptable to the Bank, as the same may be amended from time to time with the prior written agreement of the Project Implementing Entity and the Bank, and such term includes any schedules or annexes to such plan.

34. "Project Implementing Entity" means PT Perusahaan Listrik Negara, established pursuant to, and operating in accordance with, the Project Implementing Entity’s Legislation.

35. "Project Implementation Unit" means the implementation unit established, staffed and operated by the Principal Project Office and responsible for project
implementation as referred to in paragraph 4 of Section I.A of the Schedule to the Project Agreement.

36. “Project Implementing Entity’s Legislation” means the Borrower’s Law No. 19 of 1960, Law No. 9 of 1969, Government Regulation No. 3 of 1983, Government Regulation No. 28 of 1983, Government Regulation No. 10 of 1989, and Government Regulation No. 23 of 1994, and includes any other laws and regulations governing the organization, reorganization, restructuring, and operations of the Project Implementing Entity, as any of them may be amended or supplemented from time to time.

37. “Project Management Unit” means the management unit established, staffed and operated by DPT and responsible for project coordination as referred to in paragraph 3 of Section I.A of the Schedule to the Project Agreement.

38. “Project Review Panel” or “PRP” means the panel of independent experts established by the Project Implementing Entity and acceptable to the Bank to undertake periodic, comprehensive and independent reviews of the design, construction, and initial reservoir filling (dam safety) of the project works as referred to in paragraph 9(a) of Section I.D of the Schedule to the Project Agreement, as said panel may be reconstituted from time to time with the prior written agreement of the Bank under terms of reference and with experts whose qualifications and experience are acceptable to the Bank.

39. “Province” means, a province, a sub-national administrative unit of the Borrower’s territory.

40. “Provincial Government” means the government of the Borrower’s West Java Province.

41. “Resettlement Site” means each site identified in accordance with the Land Acquisition and Resettlement Action Plans, for Affected Persons who are physically displaced.

42. “Screening Procedures” means the screening procedures set forth in Annex 10 to the LARAPs.

43. “Subsidiary Loan Agreement” means the agreement referred to in Section 5.01(a) and Section I.A of Schedule 2 to this Agreement pursuant to which the Borrower shall make the proceeds of the Loan available to the Project Implementing Entity.

44. “Supporting Plan” means each of the plans that support the Environmental Management Plan, each as identified in sub-paragraph 7(b) of Section I.D of the Schedule to the Project Agreement, and each as shall be agreed between the
Project Implementing Entity and the Bank and adopted by the Project Implementing Entity and thereafter implemented in accordance with the schedule set out in the Environmental Management Plan; and "Supporting Plans" means, collectively, all such plans.

45. "Transmission Lines" means the two 500 kilovolts transmission lines to be constructed under Part 1(b) of the Project to connect the Upper Cisokan Pumped Storage Power Plant to the existing Java-Bali power system at the existing Cibinong-Saguling line.

46. "Transmission Lines LARAP" means the Project Implementing Entity’s "Tower Site and Row Transmission Line", dated March 18, 2011, meeting the requirements of the operational policy of the Bank (Operational Policy 4.12/Bank Procedures 4.12 on Involuntary Resettlement in effect as of the date of such LARAP) and acceptable to the Bank, setting out the arrangements pertaining to land acquisition and the compensation, resettlement, and rehabilitation of Affected Persons in respect of the Transmission Lines under the Project, as the same may be modified from time to time with the prior written agreement of the Bank, and such term includes any schedules or annexes to such plan.

47. "Upper Cisokan Pumped Storage Power Plant" means the pumped storage power plant to be designed, built and operated with support of the Project, including the Upper Reservoir, Lower Reservoir, and their appurtenant structures located in the Project Area with an installed capacity of 1,040 megawatts as further described in Part 1(a) of Schedule 1 to this Agreement.

48. "Upper Reservoir" means the reservoir with a reservoir surface area at high water volume of approximately 80 hectares and approximately 10 million cubic meters of active storage and 14 million cubic meters of total reservoir volume impounded by a roller compacted concrete dam with a maximum height of approximately 75.5 meters to be constructed and operated on the Cirumamis River under Part 1(a)(i)(B) of the Project.

49. "Upper and Lower Reservoirs LARAP" means the Project Implementing Entity’s "Upper and Lower Reservoir Land Acquisition and Resettlement Action Plan", dated March 18, 2011, meeting the requirements of the Bank (Operational Policy 4.12/Bank Procedures 4.12 on Involuntary Resettlement in effect as of the date of such LARAP) and acceptable to the Bank, setting out the arrangements pertaining to land acquisition and the resettlement, rehabilitation, and compensation of Affected Persons in respect of the Upper Reservoir and the Lower Reservoir under the Project, as the same may be modified from time to time with the prior written agreement of the Bank, and such term includes any schedules or annexes to such plan.