Loan Agreement

(Power Transmission Development Project)

between

REPUBLIC OF INDONESIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated November 18, 2010
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 and twenty-five million Dollars ($225,000,000), 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 LIBOR 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 Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty (30) days, then the interest payable by the Borrower shall instead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 (d) of the General Conditions.
2.05. The Payment Dates are March 1 and September 1 in each year.

2.06. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in 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 un-withdrawn, 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; 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 — EFFECTIVENESS; TERMINATION

4.01. 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 Project Implementation Plan and the Procurement Manual referred to in Section I.C.1 (a) (i) of the Schedule to the Project Agreement have been adopted by the Project Implementing Entity.

4.02. The Additional Legal Matter consists of the following, namely, that the Subsidiary Loan Agreement has been duly authorized or ratified by the Borrower and the Project Implementing Entity and is legally binding upon the Borrower and the Project Implementing Entity in accordance with its terms.

4.03. 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
Jalan Lapangan Banteng Timur 2-4
Jakarta 10710
Indonesia

Cable: Telex: Facsimile:
FINMINISTRY 45799 DJMLN-IA 62-21-381-2859
Jakarta 44319 DEPKEU-IA

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: Telex: Facsimile:
INTBAFRAD 248423(MCI) or 1-202-477-6391
Washington, D.C. 64145(MCI)
AGREED at Jakarta, Indonesia, as of the day and year first above written.

REPUBLIC OF INDONESIA

By: /s/ Rahmat Waluyanto

Authorized Representative

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By: /s/ Chris Hoban

Authorized Representative
SCHEDULE 1

Project Description

The objective of the Project is to assist the Borrower to meet growing electricity demand and improve the reliability of electricity supply in Java and South-Central Sumatra by strengthening the power transmission system.

The Project consists of the following parts:

1. Java-Bali Transmission Substation Expansion and Construction

   (a) Expansion of four (4) existing 500 / 150 kV and twenty (20) to twenty-five (25) existing 150 / 20 kV substations through the installation of new transformers and associated equipment.

   (b) Construction of one (1) new 150 / 20 kV substation, including installation of two (2) new 60 MVA transformers and associated equipment.

2. South-Central Sumatra Transmission Substation Upgrading and Expansion

   (a) Upgrading of five (5) existing 150 kV substations through the installation of new transformers and associated equipment.

   (b) Expansion of ten (10) to fifteen (15) existing 150 / 20 kV substations through the installation of new transformers and associated equipment.
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 agreement between the Borrower and the Project Implementing Entity ("Subsidiary Loan Agreement"), 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) (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%);

   (b) to ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines and the Governance and Accountability Framework;

   (c) to ensure that the Project is carried out in accordance with the provisions of the Project Implementation Plan and the Procurement Manual, and without any right or authority, except as the Borrower and the Bank shall otherwise agree, to assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned, or any provision thereof;

   (d) to ensure that procurement of the goods, works, and services required for the Project is carried out in accordance with the provisions of Section III of this Schedule, as said provisions may be further elaborated in the Procurement Plan; and
(e) to ensure that the Project is carried out in accordance with the provisions of the Environmental Management and the Land Acquisition and Resettlement Action Plans and any site-specific addenda to the Environmental Management Plan, and without any right or authority, except as the Borrower and the Bank shall otherwise agree, to assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned, or any provision thereof.

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, 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. 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.

C. Plan and Manual

1. The Borrower shall: (i) ensure that the Project is carried out in accordance with the Project Implementation Plan and the Procurement Manual; and (ii) except as the Bank shall otherwise agree, 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 such Plan or Manual and those of this Agreement, the latter shall prevail.

Section II. 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 and Works.** All goods and works 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 and Works**

**International Competitive Bidding.** Goods and works 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</td>
</tr>
<tr>
<td>(b) Selection under a Fixed Budget</td>
</tr>
<tr>
<td>(c) Least-Cost Selection</td>
</tr>
</tbody>
</table>
(d) Selection Based on the Consultants’ Qualifications
(e) Single-Source Selection
(f) 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

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 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 one hundred percent (100%) (exclusive of Taxes) of Eligible Expenditures, consisting of goods, works, and consultants’ services for the Project.

B. Withdrawal Conditions; Withdrawal Period

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

   (a) 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, 2015.
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>September 1, 2019</td>
<td>2.17</td>
</tr>
<tr>
<td>March 1, 2020</td>
<td>2.22</td>
</tr>
<tr>
<td>September 1, 2020</td>
<td>2.28</td>
</tr>
<tr>
<td>March 1, 2021</td>
<td>2.34</td>
</tr>
<tr>
<td>September 1, 2021</td>
<td>2.40</td>
</tr>
<tr>
<td>March 1, 2022</td>
<td>2.46</td>
</tr>
<tr>
<td>September 1, 2022</td>
<td>2.52</td>
</tr>
<tr>
<td>March 1, 2023</td>
<td>2.58</td>
</tr>
<tr>
<td>September 1, 2023</td>
<td>2.64</td>
</tr>
<tr>
<td>March 1, 2024</td>
<td>2.71</td>
</tr>
<tr>
<td>September 1, 2024</td>
<td>2.78</td>
</tr>
<tr>
<td>March 1, 2025</td>
<td>2.85</td>
</tr>
<tr>
<td>September 1, 2025</td>
<td>2.92</td>
</tr>
<tr>
<td>March 1, 2026</td>
<td>2.99</td>
</tr>
<tr>
<td>September 1, 2026</td>
<td>3.07</td>
</tr>
<tr>
<td>March 1, 2027</td>
<td>3.14</td>
</tr>
<tr>
<td>September 1, 2027</td>
<td>3.22</td>
</tr>
<tr>
<td>March 1, 2028</td>
<td>3.30</td>
</tr>
<tr>
<td>September 1, 2028</td>
<td>3.38</td>
</tr>
<tr>
<td>March 1, 2029</td>
<td>3.47</td>
</tr>
<tr>
<td>September 1, 2029</td>
<td>3.56</td>
</tr>
<tr>
<td>March 1, 2030</td>
<td>3.65</td>
</tr>
<tr>
<td>September 1, 2030</td>
<td>3.74</td>
</tr>
<tr>
<td>March 1, 2031</td>
<td>3.83</td>
</tr>
<tr>
<td>September 1, 2031</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

Section I. Definitions

1. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006, with the modifications set forth in Section III of this Appendix.


3. “Department of Finance” means the department of the Project Implementing Entity (as hereinafter defined) responsible for finance.

4. “Department of Planning and Technology” means the department of the Project Implementing Entity (as hereinafter defined) responsible for planning and technology.

5. “Department of Strategic Procurement” means the department of the Project Implementing Entity (as hereinafter defined) responsible for procurement.

6. “Displaced 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 “Displaced Persons” means, collectively, all such persons.

7. “Environmental Management Plan” means the Project Implementing Entity’s plan, dated February 12, 2010 and agreed with the Bank, 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.

through February 12, 2008), with the modifications set forth in Section II of this Appendix.

9. “Governance and Accountability Framework” means the Project Implementing Entity (as hereinafter defined)’s framework, part of the Project Implementation Plan (as hereinafter defined), 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 Bank, and such term includes any schedules or annexes to such framework.

10. “GWh” means gigawatt hour.

11. “Java” or “Java-Bali” means the provinces of Bali, Banten, Central Java, East Java, Jakarta, West Java, and Yogyakarta in the Borrower’s territory.

12. “kV” means kilovolt.

13. “Land Acquisition and Resettlement Action Plan” means the Project Implementing Entity’s plan, dated February 3, 2010 and agreed with the Bank, setting out the arrangements pertaining to land acquisition and the resettlement, rehabilitation, and compensation of Displaced Persons 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.


15. “Procurement Committee” means the Project Implementing Entity (as hereinafter defined)’s entity referred to in Section I.A.6 of the Schedule to the Project Agreement.


17. “Procurement Manual” means the Project Implementing Entity (as hereinafter defined)’s manual referred to in Section I.C.1 (a) (ii) (B) of the Schedule to the Project Agreement, as the same may be amended from time to time with the prior written agreement of the Bank, and such term includes any schedules or annexes to such manual.

18. “Procurement Plan” means the Project Implementing Entity (as hereinafter defined)’s procurement plan for the Project, dated May 26, 2010, 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.

19. “Project Implementation Plan” means the Project Implementing Entity (as hereinafter defined)’s plan referred to in Section I.C.1 (a) (i) (A) of the Schedule to the Project Agreement, as the same may be amended from time to time with the prior written agreement of the Bank, and such term includes any schedules or annexes to such plan.


21. “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.

22. “Project Management Unit” means the Project Implementing Entity’s entity, under the Department of Planning and Technology, established and operating pursuant to the Project Implementing Entity’s Decree No. 214.K/DIR/2010 of April 28, 2010, and whose responsibilities under the Project are set out in Section I.A.3 of the Schedule to the Project Agreement.


24. “South-Central Sumatra” means the provinces of Bengkulu, Jambi, Lampung, Riau, South Sumatra, and West Sumatra in the Borrower’s territory.

25. “Subproject” means one (1) or more contract packages under the Project, grouped together for procurement purposes.

26. “Subsidiary Loan Agreement” means the agreement referred to in Section 1.A.1 of Schedule 2 to this Agreement pursuant to which the Borrower shall make the proceeds of the Loan available to the Project Implementing Entity.
Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

1. Paragraph (a) of Section 2.07 is modified to read as follows:

   “Section 2.07. Refinancing Preparation Advance; Capitalizing Front-end Fee and Interest

   (a) If the Loan Agreement provides for the repayment out of the proceeds of the Loan of an advance made by the Bank or the Association ("Preparation Advance"), the Bank shall, on behalf of such Loan Party, withdraw from the Loan Account on or after the Effective Date the amount required to repay the withdrawn and outstanding balance of the advance as at the date of such withdrawal from the Loan Account and to pay all accrued and unpaid charges, if any, on the advance as at such date. The Bank shall pay the amount so withdrawn to itself or the Association, as the case may be, and shall cancel the remaining un-withdrawn amount of the advance.”

2. Paragraph (l) of Section 7.02 is modified to read as follows:

   “Section 7.02. Suspension by the Bank

   ... (l) Ineligibility. The Bank or the Association has declared the Borrower (other than the Member Country) or the Project Implementing Entity ineligible to receive proceeds of any financing made by the Bank or the Association or otherwise to participate in the preparation or implementation of any project financed in whole or in part by the Bank or the Association, as a result of: (i) a determination by the Bank or the Association that the Borrower or the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by the Bank or the Association; and / or (ii) a declaration by another financier that the Project Implementing Entity is ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive, or collusive practices in connection with the use of the proceeds of a financing made by such financier.”
3. The following terms and definitions set forth in the Appendix are modified or deleted as follows, and the following new terms and definitions are added in alphabetical order to the Appendix as follows, with the terms being renumbered accordingly:

(a) The term “Project Preparation Advance” is modified to read “Preparation Advance” and its definition is modified to read as follows:

“‘Preparation Advance’ means the advance referred to in the Financing Agreement and repayable in accordance with Section 2.07.”

(b) The definition of the term “Conversion Date” is modified to read as follows:

“‘Conversion Date’ means, in respect of a Conversion, the Execution Date (as herein defined) or such other date as requested by the Borrower and accepted by the Bank, on which the Conversion enters into effect, and as further specified in the Conversion Guidelines.”

Section III. Modifications to the Anti-Corruption Guidelines

The modifications to the Anti-Corruption Guidelines are as follows:

1. Section 5 is re-numbered as Section 5 (a), and a new Section 5 (b) is added to read as follows:

“… (b) These Guidelines also provide for the sanctions and related actions to be imposed by the Bank on Borrowers (other than the Member Country) and all other individuals or entities who are recipients of Loan proceeds, in the event that the Borrower or the individual or entity has been debarred by another financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive, or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

2. Section 11 (a) is modified to read as follows:

“… (a) sanction in accordance with the Bank’s prevailing sanctions policies and procedures (fn 13) a Borrower (other than a Member Country) (fn 14) or an individual or entity, including (but not limited to) declaring such Borrower, individual, or entity ineligible publicly, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; (ii) to benefit from a Bank-financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or implementation of the project or any other project financed, in whole or in part, by the Bank, if at any time the
Bank determines (fn 15) that such Borrower, individual, or entity has engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices in connection with the use of loan proceeds, or if another financier with which the Bank has entered into an agreement for the mutual enforcement of debarment decisions has declared such person or entity ineligible to receive proceeds of financings made by such financier, or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive, or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

Footnotes:

“13. An individual or entity may be declared ineligible to be awarded a Bank-financed contract upon completion of sanctions proceedings pursuant to the Bank’s sanctions policies and procedures, or under the procedures of temporary suspension or early temporary suspension in connection with an ongoing sanctions proceeding, or following a sanction by another financier with whom the Bank has entered into a cross-debarment agreement, as a result of a determination by such financier that the firm or individual has engaged in fraudulent, corrupt, coercive, or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

“14. Member Country includes officials and employees of the national government or of any of its political or administrative subdivisions, and government-owned enterprises and agencies that are not eligible to bid under paragraph 1.8 (b) of the Procurement Guidelines or participate under paragraph 1.11 (c) of the Consultant Guidelines.”

“15. The Bank has established a Sanctions Board, and related procedures, for the purpose of making such determinations. The procedures of the Sanctions Board set forth the full set of sanctions available to the Bank. In addition, the Bank has adopted an internal protocol outlining the process to be followed in implementing debarments by other financiers, and explaining how cross-debarments will be posted on the Bank’s website and otherwise be made known to staff and other stakeholders.”