
LOAN NUMBER 8276-INO

LOAN AGREEMENT
(Java-Bali 500kV Power Transmission Crossing Project)

between

REPUBLIC OF INDONESIA

and

ASIAN DEVELOPMENT BANK

DATED 30 DECEMBER 2013

INO 42362

LOAN AGREEMENT

30 December 2013

LOAN AGREEMENT dated _____ between Republic of Indonesia ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) by a loan agreement of even date herewith between the Borrower and ADB ("A Loan Agreement"), ADB has agreed to make a loan to the Borrower from ADB's ordinary capital resources in an amount of two hundred twenty-four million Dollars (\$224,000,000) ("A Loan") for the purposes of the project described in Schedule 1 to the A Loan Agreement ("Project");

(B) the Project will be carried out by PT (Persero) Perusahaan Listrik Negara (PLN), and for this purpose the Borrower will make available to PLN the proceeds of the loan provided for therein upon terms and conditions satisfactory to ADB;

(C) the Borrower has also applied to ADB for a loan ("Loan") for the purposes of the Project to be funded by ADB entirely from a participation in the Loan by ASEAN Infrastructure Fund Limited ("AIF");

(D) by a participation agreement of even date herewith between ADB and AIF ("Participation Agreement"), ADB has agreed to grant to AIF a participation in the Loan ("Participation") on the terms and conditions set forth therein; and

(E) ADB has agreed to make a Loan to the Borrower upon the terms and conditions set forth herein and in the Project Agreement of even date herewith between ADB and PLN;

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. All the provisions of the General Conditions Applicable to Loans made by ADB Funded Through Participations of ASEAN Infrastructure Fund Limited, dated 13 September 2013 ("General Conditions"), are hereby made applicable to this Loan Agreement with the same force and effect as if they were fully set forth herein:

Section 1.02. Wherever used in this Loan Agreement, the several terms defined in the General Conditions and in the A Loan Agreement have the respective meanings therein set forth unless modified herein or the context otherwise requires. Additional terms used in this Loan Agreement have the following meanings:

(a) "AIF Subsidiary Loan Agreement" means the agreement between the Borrower and PLN referred to in Section 3.01 (a) of this Loan Agreement.

ARTICLE II

The Loan

Section 2.01. (a) ADB agrees to make to the Borrower the Loan in an amount of twenty-five million Dollars (\$25,000,000), with funds to be obtained entirely through the Participation in the Loan by AIF.

(b) The Loan has a principal repayment period of 15 years, and a grace period as defined in subsection (c) hereinafter.

(c) The term "grace period" as used in subsection (b) hereinabove means the period prior to the first Principal Payment Date in accordance with the amortization schedule set forth in Schedule 1 to this Loan Agreement.

Section 2.02. The Borrower shall pay to ADB interest on the principal amount of the Loan withdrawn and outstanding from time to time at a rate for each Interest Period equal to the sum of:

- (a) LIBOR;
- (b) 1.40% as provided by Section 3.02 of the General Conditions; and
- (c) a maturity premium of 0.10% as provided by Section 3.03 of the General Conditions.

Section 2.03. The Borrower shall pay a commitment charge of 0.15% per annum. Such charge shall accrue on the full amount of the Loan (less amounts withdrawn from time to time), commencing 60 days after the date of this Loan Agreement.

Section 2.04. Interest and other charges on the Loan shall be payable semiannually on 15 March and 15 September in each year.

Section 2.05. The Borrower shall repay the principal amount of the Loan withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Loan Agreement.

ARTICLE III

Use of Proceeds of the Loan

Section 3.01. (a) The Borrower shall relend the proceeds of the Loan to the Project Executing Agency under a AIF Subsidiary Loan Agreement upon terms and conditions satisfactory to ADB.

(b) The Borrower shall cause PLN to apply the proceeds of the Loan to the financing of expenditures on the Project in accordance with the provisions of this Loan Agreement and the Project Agreement.

Section 3.02. The proceeds of the Loan shall be allocated and withdrawn in accordance with the provisions of Schedule 2 to this Loan Agreement, as such Schedule may be amended from time to time by agreement between the Borrower and ADB.

Section 3.03. Except as ADB may otherwise agree, the Borrower shall procure, or cause to be procured, the items of expenditure to be financed out of the proceeds of the Loan in accordance with the provisions of Schedule 4 to the A Loan Agreement. ADB may refuse to finance a contract where any such item has not been procured under procedures substantially in accordance with those agreed between the Borrower and ADB or where the terms and conditions of the contract are not satisfactory to ADB.

Section 3.04. Except as ADB may otherwise agree, the Borrower shall cause all items of expenditure financed out of the proceeds of the Loan to be used exclusively in the carrying out of the Project.

Section 3.05. The Loan Closing Date for the purposes of Section 8.02 of the General Conditions shall be 30 September 2019 or such other date as may from time to time be agreed between the Borrower and ADB.

ARTICLE IV

Particular Covenants

Section 4.01. (a) The Borrower shall cause the Project to be carried out with due diligence and efficiency and in conformity with sound applicable technical, financial, business, and development practices.

(b) In the carrying out of the Project and operation of the Project facilities, the Borrower shall perform, or cause to be performed, all obligations set forth in Schedule 5 to the A Loan Agreement.

Section 4.02. The Borrower shall make available, or cause to be made available, promptly as needed, and on terms and conditions acceptable to ADB, the funds, facilities, services, land and other resources, as required, in addition to the proceeds of the Loan, for the carrying out of the Project.

Section 4.03. The Borrower shall ensure that the activities of its departments and agencies with respect to the carrying out of the Project and operation of the Project facilities are conducted and coordinated in accordance with sound administrative policies and procedures.

Section 4.04. The Borrower, through PLN if necessary, shall enable ADB's representatives to review the Project, inspect the Goods and Works, and obtain any relevant records and documents.

Section 4.05. ADB shall disclose the annual audited financial statements for the Project and the opinion of the auditors on the financial statements within 30 days of the date of their receipt by posting them on ADB's website.

Section 4.06. The Borrower shall take all actions which shall be necessary on its part to enable the Project Executing Agency to perform its obligations under the Project Agreement, and shall not take or permit any action which would interfere with the performance of such obligations.

Section 4.07. (a) The Borrower shall exercise its rights under the AIF Subsidiary Loan Agreement in such a manner as to protect the interests of the Borrower and ADB and to accomplish the purposes of the Loan.

(b) No rights or obligations under the AIF Subsidiary Loan Agreement shall be assigned, amended, abrogated or waived without the prior discussion and mutual agreement with ADB.

Section 4.08. ADB's obligation to disburse any amount from the Loan Account shall be subject to ADB's receipt of a corresponding amount from AIF in accordance with the terms of the Participation Agreement. In the event AIF does not pay any amount of the Participation in the Loan to ADB, ADB, by notice to the Borrower, shall cancel the corresponding amount of the Loan.

Section 4.09 (a) Except as ADB may otherwise agree, any cancellation by the Borrower of any unwithdrawn amount of the Loan under Section 8.03 of the General Conditions shall be made pro-rata with the cancellation of the A Loan: at 10% in respect of the Loan and 90% in respect of the A Loan or as otherwise provided in the PAM.

(b) Except as ADB may otherwise agree, any prepayment by the Borrower of the Loan under Section 3.05(b) of the General Conditions shall be made pro-rata with the prepayment of the A Loan: at 10% in respect of the Loan and 90% in respect of the A Loan or as otherwise provided in the PAM.

ARTICLE V

Suspension; Cancellation; Acceleration of Maturity

Section 5.01. The following is specified as an additional event for suspension of the right of the Borrower to make withdrawals from the Loan Account for the purposes of Section 8.01(l) of the General Conditions: the Borrower or PLN shall have failed to perform any of its obligations under the AIF Subsidiary Loan Agreement.

Section 5.02. The following is specified as an additional event for cancellation of the right of the Borrower to make withdrawals from the Loan Account for the purposes of Section 8.02(vi) of the General Conditions: any of the events specified in Section 5.01 of this Loan Agreement shall have occurred.

Section 5.03. The following is specified as an additional event for acceleration of maturity for the purposes of Section 8.07(d) of the General Conditions: any of the events specified in Section 5.01 of this Loan Agreement shall have occurred.

ARTICLE VI

Effectiveness

Section 6.01. The following are specified as additional conditions to the effectiveness of this Loan Agreement for the purposes of Section 9.01(f) of the General Conditions:

- (a) all conditions precedent to effectiveness of the A Loan Agreement have been met to the satisfaction of ADB, save for the condition precedent to effectiveness in Section 6.01 (b) of the A Loan Agreement; and
- (b) the AIF Subsidiary Loan Agreement, in form and substance satisfactory to ADB, shall have been duly executed and delivered on behalf of the Borrower and PLN and all conditions precedent to its effectiveness, other than a condition requiring the effectiveness of this Agreement, will have been fulfilled.

Section 6.02. The following are specified as additional matters, for the purposes of Section 9.02(d) of the General Conditions, to be included in the opinion or opinions to be furnished to ADB:

- (a) the A Loan Agreement has been duly authorized or approved by, and executed and delivered on behalf of, the Borrower and is legally binding upon the Borrower in accordance with its terms; and
- (b) the AIF Subsidiary Loan Agreement has been duly authorized or approved by, and executed and delivered on behalf of, the Borrower and PLN and is legally binding upon the Borrower and PLN in accordance with its terms.

Section 6.03. A date 90 days after the date of this Loan Agreement is specified for the effectiveness of this Loan Agreement for the purposes of Section 9.04 of the General Conditions.

ARTICLE VII

Delegation of Authority

Section 7.01. The Borrower hereby designates PLN as its agent for the purposes of taking any action or entering into any agreement required or permitted under

Sections 3.02, 3.03 and 3.05 of this Loan Agreement and under Sections 5.01, 5.02, 5.03 and 5.04 of the General Conditions.

Section 7.02. Any action taken or any agreement entered into by PLN pursuant to the authority conferred under Section 7.01 of this Loan Agreement shall be fully binding on the Borrower and shall have the same force and effect as if taken by the Borrower.

Section 7.03. The authority conferred on PLN under Section 7.01 of this Loan Agreement may be revoked or modified by agreement between the Borrower and ADB.

ARTICLE VIII

Miscellaneous

Section 8.01. The Minister of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.02 of the General Conditions.

Section 8.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower

Ministry of Finance
Directorate General of Debt Management
Frans Seda Building, 2nd Floor
Jl. Dr. Wahidin Raya No. 1
Jakarta 10710
Indonesia

For Correspondence

Attn: Directorate of Loans and Grants
Facsimile Number:

(62-21) 381-2859

For Disbursements and Payments
Attn: Directorate of Evaluation, Accounting and Settlement
Facsimile Number:

(62-21) 384-3712.

For ADB

Asian Development Bank
6 ADB Avenue
Mandaluyong City
1550 Metro Manila
Philippines

Facsimile Numbers:

(632) 636-2444
(632) 636-2336.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their respective names as of the day and year first above written and to be delivered at the principal office of ADB.

REPUBLIC OF INDONESIA


By _____
ROBERT PAKPAHAN
Director General of Debt Management
Ministry of Finance

ASIAN DEVELOPMENT BANK


By _____
ADRIAN H. RUTHENBERG
Country Director
Indonesia Resident Mission

SCHEDULE 1

Amortization Schedule

(Java-Bali 500kV Power Transmission Crossing Project)

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 shall 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 ADB by multiplying: (a) the total principal amount of the Loan withdrawn and outstanding as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date.

<u>Payment Due</u>	<u>Installment Share (Expressed as a %)</u>
15 March 2019	2.277764
15 September 2019	2.334708
15 March 2020	2.393076
15 September 2020	2.452903
15 March 2021	2.514225
15 September 2021	2.577081
15 March 2022	2.641508
15 September 2022	2.707546
15 March 2023	2.775234
15 September 2023	2.844615
15 March 2024	2.915731
15 September 2024	2.988624
15 March 2025	3.063339
15 September 2025	3.139923
15 March 2026	3.218421
15 September 2026	3.298881
15 March 2027	3.381354
15 September 2027	3.465887
15 March 2028	3.552535
15 September 2028	3.641348
15 March 2029	3.732382
15 September 2029	3.825691
15 March 2030	3.921333
15 September 2030	4.019367
15 March 2031	4.119851
15 September 2031	4.222847
15 March 2032	4.328418
15 September 2032	4.436629
15 March 2033	4.547545
15 September 2033	4.661234
Total	100.000000

2. If the proceeds of the Loan shall not 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 as follows:

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

(b) Any withdrawal made 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 ADB by multiplying the amount of each such withdrawal by a fraction, the numerator of which shall be the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (the Original Installment Share) and the denominator of which shall be the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date.

3. Withdrawals made 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.

SCHEDULE 2

Allocation and Withdrawal of Loan Proceeds

General

1. The table attached to this Schedule sets forth the Categories of items of expenditure to be financed out of the proceeds of the Loan and the allocation of the Loan proceeds to each such Category ("Table"). (Reference to "Category" in this Schedule is to a Category or Subcategory of the Table).

Basis for Withdrawal from the Loan Account

2. Except as ADB may otherwise agree, the proceeds of the Loan shall be disbursed on the basis of the withdrawal percentage for each item of expenditure set forth in the Table.

Reallocation

3. Notwithstanding the allocation of Loan proceeds and the withdrawal percentages set forth in the Table,

(a) if the amount of the Loan allocated to any Category appears to be insufficient to finance all agreed expenditures in that Category, ADB may, by notice to the Borrower, (i) reallocate to such Category, to the extent required to meet the estimated shortfall, amounts of the Loan which have been allocated to another Category but, in the opinion of ADB, are not needed to meet other expenditures, and (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the withdrawal percentage applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made; and

(b) if the amount of the Loan allocated to any Category appears to exceed all agreed expenditures in that Category, ADB may, by notice to the Borrower, reallocate such excess amount to any other Category.

Disbursement Procedures

4. Except as ADB may otherwise agree, the Loan proceeds shall be disbursed in accordance with the Loan Disbursement Handbook, subject to the following:

(a) the commitment procedure in the Loan Disbursement Handbook shall be applied in accordance with, and be subject to, Section 5.02 of the General Conditions; and

(b) disbursements from the Loan shall be made pro-rata to disbursements from the A Loan: at 10% in respect of the Loan and 90% in respect of the A Loan or as otherwise provided in the PAM.

Retroactive Financing

5. Withdrawals from the Loan Account may be made for reimbursement of eligible expenditures incurred under the Project before the Effective Date, but not earlier than 12 months before the date of this Loan Agreement, subject to a maximum amount equivalent to 20% of the Loan amount.

TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Java-Bali 500kV Power Transmission Crossing Project)			
Number	Item	Total Amount Allocated for ADB (AIF participation) Financing	Basis for Withdrawal from the Loan Account
		(\$)	
		Category	
1	Works	3,100,000	10 % of total expenditure claimed*
2	Equipment	17,800,000	10 % of total expenditure claimed*
3	Consulting Services	300,000	10% of total expenditure claimed*
4	Unallocated	3,800,000	
	Total	25,000,000	

*Exclusive of taxes and duties imposed within the territory of the Borrower.