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LOAN NUMBER 8336-ID

# Loan Agreement

**(Coral Reef Rehabilitation and Management Program- Coral Triangle Initiative (COREMAP-CTI)  
Project)**

between

**REPUBLIC OF INDONESIA**

and

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

Dated MARCH 17 , 2014

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**LOAN NUMBER 8336-ID****LOAN AGREEMENT**

Agreement dated MARCH 17, 2014, between REPUBLIC OF INDONESIA (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) for the purpose of providing additional financing for activities related to the Original Project (as defined in the Appendix to this Agreement). 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.

**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 forty seven million three hundred eighty thousand United States Dollars (US\$47,380,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Agreement (“Loan”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount. The Borrower shall pay the Front-end Fee not later than 60 days after the Effective Date.
- 2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Variable Spread; provided that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (e) of the General Conditions.
- 2.05. The Payment Dates are June 1 and December 1 in each year.
- 2.06. The principal amount of the Loan shall be repaid in accordance with the provisions of Schedule 3 to this Agreement.

- 2.07. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to: (A) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; or (B) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread, or vice versa; or (C) all of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and (iii) the setting of limits on the Variable Rate or the Reference Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate or the Reference Rate.
- (b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a "Conversion", as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

### **ARTICLE III — PROJECT**

- 3.01. The Borrower declares its commitment to the objective of the Project. To this end, the Borrower shall carry out Parts 1.1., 1.3, 1.4, 2, 3 and 4 of the Project, through MMAF, as Executing Agency and Implementing Agency, and shall carry out Part 1.2 of the Project through LIPI, as Implementing Agency.
- 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 consists of the following, namely, that the GEF Grant Agreement dated the same date as this Agreement, between the Borrower (as Recipient) and the Bank, providing a GEF grant in support of the Project, has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.
- 4.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

**ARTICLE V — REPRESENTATIVE; ADDRESSES**

5.01. The Borrower's Representative is the Minister of Finance.

5.02. The Borrower's Address is:

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

Cable:

FINMINISTRY 45799  
 Jakarta

Facsimile:

62-21-381-2859

5.03. The Bank's Address is:

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

Cable address:

INTBAFRAD  
 Washington, D.C.

Telex:

248423(MCI) or  
 64145(MCI)

Facsimile:

1-202-477-6391

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

**REPUBLIC OF INDONESIA**



By: \_\_\_\_\_  
Authorized Representative

Name: Robert Pakpahan

Title: Director General  
of Debt Management

**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT**



By: \_\_\_\_\_  
Authorized Representative

Name: RODRIGO A. CHAVES

Title: COUNTRY DIRECTOR

## SCHEDULE 1

### Project Description

The objective of the Project is to institutionalize the COREMAP Approach of a viable, decentralized and integrated framework for sustainable management of coral reef resources, associated eco-systems and bio-diversity for the welfare of the communities in the Selected Districts of the Respective Provinces in Indonesia.

The Project consists of the Original Project as modified below:

**Part 1: Institutional Strengthening for decentralized coral reef management.** Institutionalize the COREMAP Approach and provide support for policy and legal framework development through the following activities in the Selected Districts or in the National and District MCAs, as applicable:

*1.1: Strengthening and expansion of the COREMAP Approach through the carrying out of, inter alia, the following activities:* (a) mainstream and embed a decentralized approach to coral reef ecosystem management within the local government and village program of activities in the villages of the Selected Districts; (b) raise awareness through an outreach program to enable adoption of the COREMAP approach in non-COREMAP villages, including support for a learning network of coastal mayors and village heads informed by COREMAP experience and personnel exchange visits; (c) link the Project with country-wide CTI activities; and (d) transform the village level Coral Resources Management Plans to coastal resource management plans that link up with District zoning plans.

*1.2: Support for robust ecological and socioeconomic monitoring through the carrying out of, inter alia, the following activities:* (a) upgrade coral reef management information systems in terms of content, presentation, access, integration with CTI-based information databases, and to serve as the official repository for coral reef ecological and socio-economic monitoring information; (b) develop a certification and training program for coral reef monitoring incorporating best practice; (c) conduct monitoring and collaboration activities with various government agencies, civil society organizations and private organizations; (d) improve and disseminate coral reef protection education modules for elementary through high schools; and (e) improve communities knowledge of adaptation measures to respond to coral reef-related climate change impacts.

*1.3: Strengthening surveillance of coastal ecosystems:* (a) develop best practice approaches to marine monitoring, control and surveillance, including regular joint patrols involving the Borrower's navy, DINAS and community participation at the provincial level; (b) strengthen local level MCS institutions (*pokmaswas*) in Project villages, Districts, and MCAs; and (c) provide *pokmaswas* near "violation hot-spots" and MCS patrols with monitoring and communications equipment, and (d) support the training of coastal police and civil investigators (*penyidik pegawai negeri sipil*) to prosecute violators of laws and regulations related to coral reef management.

*1.4: Strengthening technical capacity through the carrying out of, inter alia, the following activities: (a) train MMAF staff in identified core competencies; (b) provide short-term training including internship (national and international) on a range of topics to national and district staff, community members, and fisheries extension officers (penyuluh perikanan lapangan); and (c) support advanced graduate degree programs on fisheries management for selected national staff of the Directorate General of Capture Fisheries within MMAF.*

**Part 2: Development of Ecosystem Based Resources Management.** Improve management of national and district MCAs and create enabling conditions for sustainable use of the surrounding production seascape through the carrying out of, inter alia, the following activities in the Selected Districts, Respective Provinces, National and District MCAs, or Selected Fisheries Management Areas, as applicable:

*2.1: Support preparation of zoning plans: (a) support the preparation and finalization of the zoning plans for the Selected Districts and for the Respective Provinces, as needed; and (b) support activities required to draft the final District regulation (Peraturan Daerah –perda) in each of the Selected Districts.*

*2.2: Application of integrated coastal management: (a) provide training and build awareness about integrated coastal management aspects across a range of stakeholders; and (b) support the preparation of an integrated coastal management plan for the Selected Districts, as needed, based on the village level coastal management plans.*

*2.3: Management Effectiveness of MCAs: (a) support the preparation and finalization of the zoning and management plans for the National and District MCAs; (b) carry out investments and activities relating to conservation area management; and (c) support the preparation of a national strategic action plan for at least three marine threatened species, and implement protection management plans in three selected pilot sites within the Selected National and District MCAs.*

*2.4: Piloting community rights-based approach: (a) ascertain the feasibility of the designated pilot areas for community based approach for the management of marine resources; and (b) support the process of defining and establishing community rights over reef, fishery and associated resources through implementation of two pilots.*

*2.5: Sustainable fisheries management in selected fisheries management areas: (a) carry out stock assessment and status of selected coral reef fish; (b) develop a coral reef fish management plan based on the stock assessments and an eco-system approach to fisheries management for select coral reef fish species; (c) assess the District level fisheries performance in selected areas using EAFM indicators; and (d) train MMAF staff and district fishery officers, and build awareness in relevant stakeholders on EAFM.*

**Part 3: Strengthening Sustainable Marine-based Economy.** Support the development of sustainable, ecosystem-based marine enterprises that reinforce links between healthy marine ecosystems and economic benefits, and create an economic basis to sustain COREMAP local institutions (including coastal resources management committees, community surveillance groups (*pokmaswas- kelompok masyarakat pengawas*), gender groups, and conservation groups) through the carrying out, *inter alia*, of the following activities in the Selected Districts or National or District MCAs, as applicable:

*3.1: Creation of basic infrastructure:* (a) prioritize and finance basic infrastructure for the development of selected District and National MCAs; and (b) identify and develop the prioritized enabling infrastructure to attract private investment and to support sustainable enterprise alliances development in the Eligible Districts.

*3.2: Pilot program to test the development of sustainable enterprise alliances:* (a) carry out a feasibility study for SEA development in Eligible Districts, and identify and select the different District, location, business enterprise options based on an assessment of District development plans and District level feasibility studies; (b) support the establishment of District level associations of village coral resources management committees (*LPSTK*); (c) support the formation of community groups of Eligible Beneficiaries; (d) promote the establishment of SEAs with private partners selected through a competitive process; (e) provision of Grants to Community Groups to finance Subprojects; and (f) support piloting of technological best practice approaches (building from other Subprojects successes and failures), market development and outreach activities related to the SEAs.

**Part 4: Project Management, Coordination and Learning.** Support for the following activities: (a) monitoring and evaluation of Project performance; (b) learning networks and dissemination of best practices; (c) compliance monitoring on safeguards and fiduciary management; and (d) coordination with the Asian Development Bank and other partners.



**SCHEDULE 2****Project Execution****Section I. Implementation Arrangements****A. Institutional Arrangements**

1. The Borrower shall establish and maintain until completion of the Project, a national steering committee comprising representatives of, *inter alia*, BAPPENAS, MMAF, LIPI, and MOF, said steering committee to review overall progress of Project implementation.
2. The Borrower shall carry out Parts 1.1, 1.3, 1.4, 2, 3 and 4 of the Project through MMAF, and Part 1.2 of the Project through LIPI, all of this under the overall direction of MMAF.
3. The Borrower shall ensure, through MMAF and LIPI that their respective project implementing units are fully staffed with qualified staff in adequate numbers and supported by experts procurement, financial management, technical, social and environmental management, monitoring, evaluation, institutional capacity building and related capacities, in each case with experience and qualifications acceptable to the Borrower and Bank.

**4. LIPI and MMAF**

The Borrower, through MMAF and LIPI shall: (A) carry out the Project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Bank, including in accordance with the provisions of the Project Implementation Manual, the ESSF, the Anti-Corruption Guidelines and the Governance and Anti-Corruption Plan; (B) provide, promptly as needed, the resources required for the purpose; (C) procure the goods, works and services for the Project in accordance with the provisions of this Agreement; (D) monitor and evaluate the implementation of the Project in accordance with the indicators included in the Project Implementation Manual; (E) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank; and (2) at the Bank's request, have such financial statements audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank, and promptly furnish the statements as so audited to the Bank; (F) enable the Bank to inspect the carrying out of the Project and any relevant records and documents; and (G) prepare and furnish to the Bank all such information as the Bank shall reasonably request relating to the foregoing.

## 5. Grants to Selected Community Groups

- (a) For purposes of Part 3.2 of the Project, the Borrower, through MMAF, shall select Subprojects in accordance with eligibility criteria and procedures acceptable to the Bank (including the Community Group being established as a separate entity through a letter of the respective LPSTK with the agreement of the respective Marine and Fisheries District Office, and that the Grant Agreement be signed by all individual members of the Community Group), which eligibility criteria and procedures shall be included in the SEA Development Manual.
- (b) The Borrower, through MMAF, shall make each Grant under a Grant Agreement with the respective Selected Community Group on terms and conditions approved by the Bank to be included in the SEA Development Manual.
- (c) The Borrower, through MMAF, shall obtain rights adequate to protect its interests and those of the Bank, including the right to:
  - (i) suspend or terminate the right of the Selected Community Group to use the proceeds of the Grant upon the Selected Community Group's failure to perform any of its obligations under the Grant Agreement; and
  - (ii) require each Selected Community Group to: (A) carry out its Subproject with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Bank, including in accordance with: (1) the environmental and social safeguards requirements set out in the ESSF (and relevant plans prepared or to be prepared under the ESSF) and (2) the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Borrower; (B) provide, promptly as needed, the resources required for the purpose; (C) procure the goods, works and services to be financed out of the Grant in accordance with the provisions of this Agreement; (D) maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with the indicators included in the Project Implementation Manual, the progress of the Subproject and the achievement of its objectives; (E) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the Sub-project; and (2) at the Bank's or the Borrower's request, have such financial statements audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank, and promptly furnish the statements as so audited to the Borrower and the Bank; (F) enable the Borrower and the Bank to inspect the Subproject, its operation and any relevant records and documents; and (G) prepare and furnish to the Borrower and the Bank all such information as the Borrower or the Bank shall reasonably request relating to the foregoing.

- (d) The Borrower shall exercise its rights under each Grant 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 Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive any Grant Agreement or any of its provisions.

**6. SEA Development Manual**

- (a) The Borrower, through MMAF, shall prepare and thereafter provide Grants to the Selected Community Groups in accordance with a SEA Development Manual, acceptable to the Borrower and the Bank, which shall include, inter alia: the selection criteria for Districts and Community Groups to benefit from the activities under Part 3.2 of the Project, the types of SEA businesses that can be financed under Part 3.2 of the Project, and the detailed arrangements to channel financial assistance to the Selected Community Groups under Part 3.2 of the Project.
- (b) The Borrower, through MMAF, shall not take any action to amend, suspend, abrogate, repeal or waive any provisions of the SEA Development Manual without the prior written agreement of the Bank.
- (c) In the event of any conflict between the provisions of the SEA Development Manual, including any annexes and supplements thereto, and the provisions of this Agreement, the latter shall prevail.

**7. Project Implementation Manual.** The Borrower, through MMAF and LIPI, shall:

- (a) adopt and thereafter implement the Project, and cause the Selected Community Groups to carry out the Project, in accordance with the Project Implementation Manual, including all annexes and supplements thereto, acceptable to the Bank and the Borrower, giving details of: (i) implementation arrangements; (ii) procurement procedures as set forth in Section III of this Schedule 2 and standard procurement documentation; (iii) reporting requirements, financial management procedures and audit procedures as set forth in Section II.B of this Schedule 2 and the related financial management action plan; (iv) project performance indicators; (v) the eligibility criteria for District and National MCAs to participate in Part 3.1 of the Project; (vi) protocols for coral-reef surveillance activities, and (vii) the Governance and Anticorruption Action Plan;
- (b) not take any action to amend, suspend, abrogate, repeal or waive any provisions of the Project Implementation Manual without the prior written agreement of the Bank;
- (c) ensure that the Project Implementation Manual, including all annexes and supplements thereto, the Environmental and Social Management Framework and each of the environmental and social safeguards instruments referred in the Environmental and Social Management Framework is made available, at all times until completion of the Project, to the Selected Community Groups; and
- (d) with the prior written agreement of the Bank, update the Project Implementation Manual, including all annexes and supplements thereto, as necessary, at all times ensuring compliance thereof with the terms of this Agreement.

- (e) In the event of any conflict between the provisions of the Project Implementation Manual, including any annexes and supplements thereto, and the provisions of this Agreement, the latter shall prevail.

## **B. Safeguards**

### **General Provisions**

1.
  - (a) The Borrower, through MMAF and LIPI, shall carry out, and cause the Selected Community Groups and the relevant Marine and Fisheries District Office (*Dinas*) to carry out the Project in accordance with the provisions of the Environmental and Social Safeguards Framework, including the environmental and social plans to be prepared throughout the implementation of the Project pursuant to said Environmental and Social Safeguards Framework.
  - (b) Except as the Bank and the Borrower shall otherwise agree in writing, none of the Borrower, nor any of their respective agencies shall 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 or inconsistency between the provisions of the Environmental and Social Safeguards Framework and the provisions of this Agreement, the provisions of this Agreement shall prevail.
3. The Borrower shall ensure that the proceeds of the Loan shall be used exclusively for the Project, and shall not be used for any military purpose or for the enforcement of non-fisheries or non-coral reef protection laws.
4. With respect to activities under Part 1.3 of the Project, the Borrower, through MMAF shall ensure that: (i) the activities are carried out within twelve (12) nautical miles from the coast of the territory of the relevant Selected District; and (ii) where a patrol or surveillance mission has multiple tasks, the Borrower shall keep accounts in a manner acceptable to the Borrower and to the Bank which demonstrate that the Loan has been used for the exclusive purpose of financing marine monitoring control and surveillance activities.

## **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 Anti-Corruption Action Plan.

**Section II. Project Monitoring Reporting and Evaluation****A. Project Reports**

The Borrower, through the Project Management Office, 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 indicators acceptable to the Bank and included in the Project Implementation Manual. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than one month 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 prepare and furnish to the Bank not later than forty five days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Bank.
3. The Borrower shall have its Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six months after the end of such period.

**Section 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 Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

**B. Particular Methods of Procurement of Goods, Works and Non-consulting Services**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding, subject to the additional provisions of Schedule 4 to this Agreement; (b) Shopping; (c) Direct Contracting; and (d) Community Participation procedures which have been found acceptable to the Bank.

**C. Particular Methods of Procurement of Consultants' Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan: (a) Selection based on Consultants' Qualifications; (b) Single-source Selection of consulting firms; (c) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (d) Single-source procedures for the Selection of Individual Consultants.

**D. Review by the Bank of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Bank's Prior Review. All other contracts shall be subject to Post Review by the Bank.

**Section IV. Withdrawal of Loan Proceeds****A. General**

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan ("Category"), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

<b>Category</b>	<b>Amount of the Loan Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Works, Training and Workshops, Consultant Services, Goods, Incremental Operating Costs	34,043,000	100%
(2) Grants	11,045,000	100% of Grant amount disbursed
(3) Scholarships	2,292,000	100%
<b>TOTAL AMOUNT</b>	<b>47,380,000</b>	

**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;
  - (b) for payments made prior to the date of this Agreement, or
  - (c) under Category (2) unless the Borrower has prepared an SEA Development Manual acceptable to the Borrower and the Bank.
2. The Closing Date is June 30, 2019.

**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.

<b>Principal Payment Date</b>	<b>Installment Share (Expressed as a Percentage)</b>
June 01, 2023	3.68
December 01, 2023	3.77
June 01, 2024	3.87
December 01, 2024	3.96
June 01, 2025	4.06
December 01, 2025	4.16
June 01, 2026	4.27
December 01, 2026	4.37
June 01, 2027	4.48
December 01, 2027	4.60
June 01, 2028	4.71
December 01, 2028	4.83
June 01, 2029	4.95
December 01, 2029	5.07
June 01, 2030	5.20
December 01, 2030	5.33
June 01, 2031	5.46
December 01, 2031	5.60
June 01, 2032	5.74
December 01, 2032	5.88
June 01, 2033	6.01

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:
- (a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.



- (b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (“Original Installment Share”) and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.
- 3.
  - (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.
  - (b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.
- 4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.
- 5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

## **SCHEDULE 4**

### **Additional Provisions for National Competitive Bidding**

The procedures applicable to the procurement of goods, works, and non-consulting services under contracts awarded on the basis of National Competitive Bidding shall be those of the Pelelangan Umum (Public Tendering) and Pemilihan Langsung / Pelelangan Sederhana (Simplified Tendering) methods as set forth in the Recipient's Presidential Regulation No. 54/2010 as amended through July 31, 2012, including amendments set forth in Presidential Regulation No. 70/2012, with the modifications set out below in order to ensure economy, efficiency, transparency, and broad consistency with the provisions of Section I of the Procurement Guidelines, pursuant to paragraph 3.3 of said Guidelines. The Pemilihan Langsung / Pelelangan Sederhana method shall apply to such procurement up to the financial thresholds specified in said Regulation. In the event of a conflict between the Borrower's procedures and these modifications, the latter shall govern.

1. Procuring entities shall use the appropriate standard bidding documents acceptable to the Borrower and the Bank. The provisions of Section 1.16 (Fraud and Corruption) of the Procurement Guidelines shall apply, and each bidding document and contract financed out of the proceeds of the Grant shall include provisions on matters pertaining to fraud and corruption as defined in paragraph 1.16(a) of said Guidelines and the contract provisions set out in paragraph 1.16(e) of said Guidelines.
2. Foreign bidders shall not be precluded from bidding. If a registration process is required, a foreign firm determined to be the lowest evaluated responsive bidder shall be given reasonable time for registration. Foreign bidders shall not be required to form a joint venture or sub-contract part of the supply of goods, non-consulting services, and works as a condition for submitting bids or the award of the contract. Bidding documents shall be made available, by mail or in person, to all international bidders who are willing to pay the required fee.
3. No preference of any kind shall be given to any bidders.
4. Under the Pelelangan Umum method, bidders shall be allowed at least twenty-one (21) days from the date of the invitation to bid or the date of availability of bidding documents, whichever is later, to prepare and submit bids; this period shall be ten (10) days under the Pemilihan Langsung / Pelelangan Sederhana method.
5. Bids invited under the Pelelangan Umum method shall be submitted in one (1) envelope and evaluated using post-qualification.
6. No bidder shall be rejected merely on the basis of a comparison with the owner's estimate and budget ceiling without the Bank's prior written concurrence.
7. Bid security, at the bidder's option, shall be in the form of a letter of credit or guarantee from a reputable bank or other reputable financial institution and shall without exception follow the form provided for this purpose in the bidding documents.
8. All bids shall not be rejected and new bids solicited without the Bank's prior written concurrence.

9. Government-owned enterprises in Indonesia shall be eligible to participate in bidding only if they can establish that they are legally and financially autonomous, operate under commercial law, and are not dependent agencies of the Borrower or sub-borrower.

## 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 and revised in January 2011.
2. “BAPPENAS” means *Badan Perencanaan Pembangunan Nasional*, the Borrower’s National Development Planning Agency, and any successor thereto.
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “Community Group” means a group established by a decision letter (*surat keputusan*) of the LPSTK with the agreement of the respective Marine and Fisheries District Office (*Dinas*).
5. “Coral Resources Management Plan” means any of the plans (*rencana pengelolaan terumbu karang or RPTK*) developed by villages of the COREMAP districts under the activities financed by Credit 3910-IND of the International Development Association, Loan 4740-IND of the International Bank for Reconstruction and Development, and GEF TF053350-IND of the Bank as Trustee of the Global Environmental Facility.
6. “COREMAP” means the Borrower’s national program designed to protect, rehabilitate and achieve sustainable use of coral reefs and associated ecosystems.
7. “COREMAP Approach” is a system designed by the Borrower of community management in coastal villages to promote community-based management and control over the coastal resources in a decentralized manner.
8. “CTI” means the Coral Triangle Initiative supported by the Republic of Indonesia, Malaysia, the Phillipines, Papua New Guinea, the Solomon Islands and Timor Leste.
9. “DINAS” means each local government (*kabupaten, kota or province*) marine and fisheries office.
10. “District” means Kabupaten an administrative subdivision of a Province.
11. “District and National MCAs” means the following national level and district level Marine Conservation Areas: KKPNTNP Laut Sawu (NTT), KKPNTWP Laut Banda (Maluku), KKPNTWP Padaido (Papua), KKPNTWP Kapoposang (Sulsel), KKPNTSAP Aru Tenggara (Maluku), KKPNTSAP Raya Ampat (Papua Barat), KKPNTKabupaten Pangkep (Sulsel), KKPNTKabupaten Selayar (Sulsel) Gusung and Kayuadi, KKPNTKabupaten Kepulauan Raja Ampat (Papua Barat), and KKPNTKabupaten Biak Numfor (Papua).
12. “District Association” means the District level association of village coral resources management committees (*Lembaga Pengelola Sumberdaya Terumbu Karang-LPSTK*) to be upgraded to District level association of village coastal resources management committees under Part 3.2(b) of the Project.

13. "EAFM" means eco-system based approach to fisheries management.
14. "Eligible Beneficiaries" means the persons defined in the Environmental and Social Safeguards Framework and any additional persons identified in the SEA Development Manual who can form part of a community group and benefit from the activities under Part 3.2 of the Project.
15. "Eligible District" means any of the Selected Districts which has met the eligibility criteria set forth in the SEA Development Manual to benefit from the activities under Part 3.2 of the Project.
16. "Eligibility Criteria" means the criteria for the selection of activities to be developed as SEAs under Part 3.2 of the Project to be set forth in the SEA Development Manual.
17. "Environmental and Social Safeguards Framework" means the Borrower's environmental and social safeguards framework, dated October 13, 2013 and agreed with the Bank, setting out mitigation, enhancement, monitoring, and institutional measures to eliminate any adverse environmental and/or social impacts of activities to be implemented under the Project, offset them, or reduce them to acceptable levels, or enhance positive impacts, including (i) environmental and social screening requirements and processes (including a negative list of activities which shall not be financed under the Project), (ii) the environmental management framework (which includes the requirements for the preparation of environmental management plans), (iii) the land acquisition and resettlement policy framework (which includes the requirements for the preparation of land acquisition and action plans for access restriction), and (iii) the indigenous peoples planning framework (which includes the requirements for the preparation of indigenous peoples plans.
18. "Executing Agency" means the agency in charge of the overall coordination of the Project.
19. "General Conditions" means the "International Bank for Reconstruction and Development General Conditions for Loans", dated March 12, 2012.
20. "Governance and Anti-Corruption Action Plan" means the Borrower's plan included in the Project Implementation Manual designed to integrate the contents of the Anti-Corruption Guidelines and to give effect thereto, and giving details of a program of actions, measures and policies designed to reduce or eliminate fraud and corruption in all its forms under the Project, including: enhanced information disclosure provisions; civil society oversight provisions; and a complaint handling mechanism; and an appropriate regime of sanctions and remedies, as applicable to each part of the Project (including each Subproject), as the Governance and Anti-Corruption Action Plan may be updated from time to time by written agreement between the Borrower and the Bank (as some of these expressions are defined hereafter).
21. "Grant" means a grant given to a Selected Community Group under Part 3.2 of the Project.
22. "Grant Agreement" means an agreement between the Borrower, through MMAF, and a Community Group for the carrying out of a Subproject.

23. “Implementing Agency” means an agency in charge of the implementation of a part or parts of the Project.
24. “Incremental Operating Costs” means reasonable incremental costs arising under the Project on account of local contractual support staff salaries; travel and other travel-related expenditures; equipment rental and maintenance; vehicle operation, maintenance and repair; office rental and maintenance; materials and supplies; bank fees; and utilities and communications expenses, but excluding salaries and honoraria of officials and staff of the Borrower.
25. “Keppres” means *Keputusan Presiden*, a Presidential Decree of the Borrower.
26. “LIPI” means *Lembaga Ilmu Pengetahuan Indonesia*, the Borrower’s Indonesian Institute of Sciences created pursuant to Keppres 1/1986, or any successor thereto.
27. “LPSTK” means *lembaga pengelola sumberdaya terumbu karang*, a village coral resources management committee established by a village head.
28. “Marine and Fisheries District Office (*Dinas*)” means a division of the District government which is responsible for marine and fisheries affairs at the District level.
29. “MCAs” means marine conservation areas.
30. “MCS” means monitoring, control and surveillance.
31. “Ministry of Finance” and “MOF” means the Borrower’s Ministry of Finance, and any successor thereto.
32. “MMAF” means the Borrower’s Ministry of Marine Affairs and Fisheries, and any successor thereto.
33. “Part” means a part of the Project described in Schedule 1 to this Agreement.
34. “Procurement Guidelines” means the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011.
35. “Project Implementation Manual” means the manual dated January 17, 2014, acceptable to the Borrower and the Bank, to be used by the Borrower in implementing the Project, meeting the requirements of Section I.A.7 of this Agreement, and such expression includes all schedules and annexes to said manual, as such Project Implementation Manual may be amended or updated from time to time with the prior written agreement of the Bank and the Borrower.
36. “Project Management Office” means the central unit for overall Project management, supervision, accounting and reporting, to be housed in MMAF.
37. “Province” means an administrative sub-division of the Borrower’s territory at the first level below the national level.

38. "Respective Provinces" means the provinces of East Nusa Tenggara, South Sulawesi, Southeast Sulawesi, West Papua, and Papua.
39. "Scholarships" means the reasonable cost tuition, travel and subsistence of graduate students under Part 1.4(c) of the Project.
40. "SEA" means sustainable enterprise alliance, an alliance of a community group and a private entity.
41. "SEA Development Manual" means the manual to be prepared and adopted by the Borrower, through MMAF, in a manner acceptable to the Bank for Community Groups to receive funds under Part 3.2 of the Project.
42. "Selected District" means each and any of the districts of Sikka, Selayar, Pangkep, Buton, Wakatobi, Raja Ampat, and Biak, and "Selected Districts" means more than one Selected District.
43. "Selected Fisheries Management Area" means any of the following two fishery management areas (*wilayah pengelolaan perikanan*): WPP 715 and WPP 718.
44. "Selected Community Group" means a Community Group which has been selected following the provisions set forth in the SEA Development Manual to receive a grant under Part 3.2 of the Project.
45. "Subproject" means a subproject presented by a community group to work with a private entity in a sustainable enterprise alliance which will be reviewed by the Borrower, through MMAF, as a possible recipient of a Grant under Part 3.2 of the Project.
46. "Training and Workshops" means Project-related reasonable expenditures related to the carrying out of training and workshop activities, including purchase and publication of materials, rental of facilities, course fees, and travel and subsistence of trainees.
47. "Zoning Plan" means *rencana zonasi*, the plan that Districts and Provinces need to develop as required under the Borrower's Law 27/2007 as amended to date.