

OFFICIAL DOCUMENTS

LOAN NUMBER 8636-ID

Loan Agreement

(National Slum Upgrading Project)

between

REPUBLIC OF INDONESIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated AUGUST 22, 2016

LOAN NUMBER 8636-ID**LOAN AGREEMENT**

Agreement dated AUGUST 22, 2016, between REPUBLIC OF INDONESIA (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”). The Borrower and the Bank hereby agree as follows:

WHEREAS (A) the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 1 to this Agreement (“Project”), has requested the Bank to extend a loan to assist in the financing of the Project; and

(B) the Borrower has also requested Asian Infrastructure Investment Bank (“Co-financier”), to provide additional assistance towards the financing of the Project, and the Co-financier intends to make available to the Borrower a loan for such purpose in an amount of two hundred sixteen million five hundred thousand United States Dollars (USD 216,500,000), (“Co-financing”), pursuant to the agreement to be entered into between the Borrower and the Co-financier (“Co-financing Agreement”);

NOW THEREFORE, the Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

- 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of two hundred sixteen million five hundred thousand United States Dollars (USD 216,500,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.08 of this Agreement (“Loan”), to assist in financing the 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 days after the Effective Date.

- 2.04. The Commitment Charge payable by the Borrower shall be equal to one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.05. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Fixed Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (e) of the General Conditions.
- 2.06. The Payment Dates are January 15 and July 15 in each year.
- 2.07. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.
- 2.08. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to: (A) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; or (B) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread, or vice versa; or (C) all of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and (iii) the setting of limits on the Variable Rate or the Reference Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate or the Reference Rate.
- (b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a "Conversion", as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.
- 2.09. (a) If on any given day, the Total Exposure exceeds the Standard Exposure Limit (as said terms are defined in sub-paragraphs (b)(ii) and (b)(iii) of this Section), the Borrower shall pay to the Bank a surcharge at the rate of one half of one percent (0.5%) per annum of the Allocated Excess Exposure Amount (as defined in sub-paragraph (b)(i) of this Section) for each said day ("Exposure Surcharge"). The Exposure Surcharge (if any) shall be payable semi-annually in arrears on each Payment Date.

- (b) For purposes of this Section the following terms have the meanings set forth below:
- (i) “Allocated Excess Exposure Amount” means for each day during which the Total Exposure exceeds the Standard Exposure Limit, the product of: (A) the total amount of said excess; and (B) the ratio of all (or, if the Bank so determines, a portion) of the Loan to the aggregate amount of all (or the equivalent portions) of the loans made by the Bank to the Borrower and to other borrowers guaranteed by the Borrower that are also subject to an exposure surcharge, as said excess and ratio are reasonably determined from time to time by the Bank.
 - (ii) “Standard Exposure Limit” means the standard limit on the Bank’s financial exposure to the Borrower which, if exceeded, would subject the Loan to the Exposure Surcharge, as determined from time to time by the Bank.
 - (iii) “Total Exposure” means for any given day, the Bank’s total financial exposure to the Borrower, as reasonably determined by the Bank.

ARTICLE III — PROJECT

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall carry out the Project through the Ministry of Public Works and Housing (MPWH) in accordance with the provisions of Article V of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

- 4.01. The Additional Condition of Effectiveness consists of the following, namely, that the Co-financing Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Borrower 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:

Directorate General of Budget Financing and Risk Management
Ministry of Finance
Gedung Frans Seda
Jalan Dr. Wahidin No. 1
Jakarta 10710 - Indonesia
Facsimile:
+62-21-381-2859

5.03. The Bank's Address is:

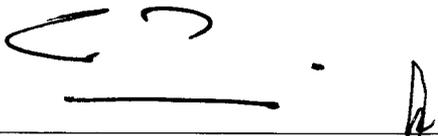
International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Telex:	Facsimile:
248423(MCI) or 64145(MCI)	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
DIRECTOR GENERAL OF BUDGET
Title: FINANCING AND RISK MANAGEMENT

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By



Authorized Representative

Name: N. DIAME DIOP
Title: Acting Country Director

SCHEDULE 1

Project Description

The objective of the Project is to improve access to urban infrastructure and services in targeted slums in Indonesia.

The Project consists of the following parts:

1. **Institutional and Policy Development**

Support institutional strengthening and capacity building of central government ministries and agencies (such as BAPPENAS and MPWH) which are responsible for the management of the national slum upgrading program through carrying out such activities as: (a) institutional analysis at the national level and at a sample of municipal governments to identify the nature of support needed to facilitate inter-agency coordination during program preparation, implementation and supervision stages; and (b) strategic national upstream policy level studies to facilitate the development of government policy to support the sustainability of slum upgrading and prevention efforts.

2. **Integrated Planning Support and Capacity Building for Local Governments and Communities**

Support the recruitment and deployment of experts and community facilitators to support capacity building of governments and communities in selected Cities to design and implement slum improvements, including the development of Slum Improvement Action Plans (SIAPs) and Community Settlement Plans (CSPs).

3. **Urban Infrastructure and Services Investment Support**

3.1. Carrying out Sub-projects to support primary and secondary infrastructure improvement, site development as well as construction of connecting infrastructure in selected Cities as identified in SIAPs.

3.2. Providing Kelurahan Grants to Participating Kelurahans to fund Sub-projects for tertiary infrastructure upgrading in selected Cities based on a community-driven approach including, inter alia, small scale water supply, drainage, sanitation, footpaths, fire safety and site improvements, as well as for strengthening community-based livelihoods through the construction of livelihood-enabling facilities and services as important for slum prevention.

4. **Implementation Support and Technical Assistance**

Providing technical support, management, advisory services and training for Project management and stakeholders' collaboration at national, provincial and city levels, as well as monitoring and evaluation.

5. **Contingency for Disaster Response**

Providing preparedness and rapid response measures to address disaster, emergency and/or catastrophic events, in accordance with the applicable Emergency Response Operations Manual.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. At the national level, the Borrower shall:
 - (a) ensure that the Project is implemented subject to the overall guidance and oversight of Pokja PKP (national working group for housing and settlement), chaired by the BAPPENAS and including – among others - representatives from the MPWH, the Ministry of Finance, the Ministry of Home Affairs, the Ministry of Health, Ministry of Land and Spatial Planning and the Central Bureau of Statistics;
 - (b) maintain, until completion of the Project: (i) the Project Management Unit, established in MPWH, to be responsible for the management and monitoring of the Project; and (ii) Central Project Implementation Unit, established in MPWH, responsible for day-to-day implementation of the Project including recruitment of consultants and service providers and production of reports on the progress of the Project, in each case, with a mandate, composition and terms of reference as set out in the Project Operations Manual and acceptable to the Bank; and
 - (c) ensure that each of the Project Management Unit and Central Project Implementation Unit are provided at all times with adequate funds and other resources and staffed by qualified personnel in adequate numbers as shall be necessary to accomplish the objectives of the Project.
2. The Borrower, through MPWH, shall:
 - (a) at the level of each participating Province, cause to be established, prior to the commencement of Project activities in each such Province and thereafter maintain until completion of the Project a Provincial Project Implementation Unit (PPIU), responsible for: (i) day-to-day implementation of the Project, including recruiting City Coordinator and his/ her assistants, the community facilitators as well as managing community training, in both cases with a mandate, composition and terms of reference acceptable to the Bank; and (ii) ensuring coordination with the Provincial Housing and Settlement Taskforce;
 - (b) at the level of each Participating City, cause to be established, prior to the commencement of Project activities in such Participating City and thereafter maintain until completion of the Project, a City Project Implementation Unit (CPIU), responsible for: (i) day-to-day implementation of the Project, including channeling of Kelurahan Grants, with a mandate, composition and terms of reference as set out in the Project Operations Manual; and (ii) ensuring coordination with the City Housing and Settlement Taskforce;

- (c) at the level of each Participating Kelurahan, establish prior to the commencement of Project activities in such Participating Kelurahan, and thereafter maintain until completion of the Project, a BKM, legally established, whose mandate, composition and terms of reference shall include a financial management unit or specialist as set out in the Project Operations Manual, to be responsible for implementation of the Project at the Kelurahan-level; and
- (d) ensure that each PPIU, CPIU and BKM shall be provided with adequate funds and other resources, and supported by qualified technical, financial and administrative personnel in adequate numbers as needed to accomplish the objectives of the Project.

B. Implementation Arrangements - Manuals

1. The Borrower shall:

- (a) ensure that the Project is implemented in accordance with the Project Operations Manual, acceptable to the Bank, which shall include the description of: (i) implementation arrangements; (ii) the procurement procedures and standard procurement documentation; (iii) reporting requirements, financial management procedures and audit procedures; (iv) criteria for Eligible Expenditures, including without limitation, under Sub-projects; (v) the Project performance indicators; (vi) arrangement and procedures for environment and social safeguard management; (vii) maintenance provisions for works to be carried out under a Sub-projects; (viii) arrangement and procedures for identifying, developing and implementing Sub-projects; and (ix) monitoring and evaluation arrangements;
- (b) not amend, suspend, abrogate, repeal or waive any provisions of the Project Operations Manual without the prior written agreement of the Borrower and the Bank;
- (c) ensure that the Project Operations Manual is made available, at all times until completion of the Project, to consultants, service providers, City Coordinators and community facilitators and Participating Local Governments, and applied in the carrying out of Sub-projects; and
- (d) with the prior written agreement of the Borrower and the Bank, update the Project Operations Manual, as necessary, at all times ensuring compliance thereof with the terms of this Agreement.

2. In the event of any conflict between the provisions of: (a) the Project Operations Manual; and (b) those of this Agreement, the latter shall prevail.

3. In order to ensure the proper implementation of Part 5 of the Project (“Emergency Response”), the Borrower shall:

- (a) prepare and furnish to the Bank for its review and approval, an operations manual which shall set forth detailed implementation arrangements for the Emergency Response, including: (i) designation of, terms of reference for and resources to be allocated to the entity to be responsible for coordinating and implementing the Emergency Response (“Coordinating Agency”); (ii) specific activities which may be included in the Emergency Response, Eligible Expenditures required therefor (“Emergency Expenditures”), and any procedures for such inclusion; (iii) financial management arrangements for the Emergency Response; (iv) procurement methods and procedures for Emergency Expenditures to be financed under the Emergency Response; (v) documentation required for withdrawals of Emergency Expenditures; (vi) environmental and social safeguard management frameworks for the Emergency Response, consistent with the Bank policies on the matter; and (vii) any other arrangements necessary to ensure proper coordination and implementation of the Emergency Response;
 - (b) afford the Bank a reasonable opportunity to review said proposed operations manual;
 - (c) promptly adopt such operations manual for the Emergency Response as shall have been approved by the Bank (“Emergency Response Operations Manual”);
 - (d) ensure that Part 5 of the Project is carried out in accordance with the Emergency Response Operations Manual; and
 - (e) not amend, suspend, abrogate, repeal or waive any provision of the Emergency Response Operations Manual without prior approval by the Bank.
4. In the event of any conflict between the provisions of: (a) the Emergency Response Operations Manual; and (b) those of this Agreement, the latter shall prevail.

C. Environment and Social Safeguards

1. In carrying out Sub-projects, the Borrower shall apply and shall ensure that each Participating Local Government (including Participating Kelurahan) shall apply the Environmental and Social Management Framework and, where applicable: (a) prepare and ensure that each Participating Local Government shall prepare, as required, an Environmental Management Plan, a PCR Management Plan, an IPP or LARAP for each Sub-project, fully consistent with this Agreement and the Environmental and Social Management Framework; (b) furnish such plan to the Bank for written no-objection prior to carrying out the Sub-project; and (c) thereafter implement the Sub-project (or cause the Sub-project to be implemented) in accordance with such plan(s).
2. The Borrower shall ensure that all technical assistance activities under the Project are undertaken in accordance with the guidelines, requirements and procedures set forth in the Safeguards Instruments and the relevant operational policies of the Bank.

3. Without limitation to paragraph 1 above, in carrying out Sub-projects, the Borrower shall:
 - (a) take all necessary actions to avoid or minimize to the extent possible any involuntary relocation of persons, or their loss of shelter, assets, or access to assets, or loss of income sources or means of livelihood, temporarily or permanently;
 - (b) in the event that Project activities give rise to Displaced Persons, prior to the commencement of such activities, cause to be prepared, a Land Acquisition and Resettlement Action Plan, acceptable to the Bank, in accordance with the guidelines, requirements and procedures set forth in the Land Acquisition and Resettlement Policy Framework, and thereafter implement or cause to be implemented in a timely manner said Land Acquisition and Resettlement Plan as approved by the Bank;
 - (c) in the case of voluntary land donation, ensure that the planning and verification procedures for land donation (voluntary donation without compensation and voluntary transfer without compensation) set out in the Project Operational Manual shall have been followed and documented in a manner satisfactory to the Bank and the Project Management Unit prior to the commencement of the Sub-project; and
 - (d) in the case of voluntary community-based land consolidation, ensure that planning and verification procedures for the voluntary community-based land consolidation set out in the Project Operational Manual shall have been followed and documented in a manner satisfactory to the Bank and the Project Management Unit prior to the commencement of the Sub-project.
4. The Borrower shall, and shall cause each Participating Local Government (including Participating Kelurahan) to, ensure that all land acquisition required for the purposes of carrying out works under the Project are financed exclusively out of its own resources, and shall provide, promptly as needed, the resources needed for these purposes, including: (a) all land acquisition required for the purposes of carrying out the Project; (b) resettlement and rehabilitation payments to Displaced Persons; and (c) all other costs associated with environmental and/or social mitigation measures set forth in the Safeguard Instruments.
5. Where Indigenous Peoples are present in, or have a collective attachment to, the area of the Participating Local Government (including Kelurahan), the Borrower shall apply, and shall ensure that the Participating Local Government shall apply, the Indigenous Peoples Planning Framework to Sub-project implementation, including:
 - (a) avoiding, and, if not possible, minimizing cultural, social and economic adverse effects on Indigenous Peoples caused or likely to be caused by the Project;
 - (b) through a process of free, prior, and informed consultation and participation, involving concerned Indigenous Peoples in the design and implementation of Sub-projects so as to ensure that there is broad community support for Sub-projects and that the benefits received by the Indigenous Peoples under the Project are in harmony with their economic, social and cultural preferences and protect their customary user rights; and

- (c) preparing an Indigenous Peoples Plan for the Participating Local Government based on the foregoing consultations and furnish such Indigenous Peoples Plan to the Bank for written no-objection prior to carrying out the Sub-projects in such Participating Local Government; and thereafter implement the Sub-project in accordance with such plan

6. The Borrower shall:

- (a) not amend, revise or waive, nor allow to be amended, revised or waived, the provisions of the Safeguard Instruments or any provision of any one thereof, without the prior written agreement of the Bank; and
- (b) maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with guidelines acceptable to the Bank, the implementation of the Safeguard Instruments.

7. In case of any inconsistency between the provisions of any of the Safeguard Instruments and this Agreement, the provisions of this Agreement shall prevail.

D. Anti-Corruption

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

E. Sub-projects

1. **Sub-projects generally.**

- (a) The Borrower shall ensure that Sub-projects under Parts 3 and 5 of the Project are prepared, reviewed, approved and implemented on the basis of eligibility and selection criteria, and in accordance with guidelines and procedures, all acceptable to the Bank, including, inter alia, those set forth in this Agreement, the Project Operations Manual, and as applicable, the Emergency Response Operations Manual.
- (b) Without limitation to the foregoing, no activity proposed as a Sub-project shall be eligible for financing out of the proceeds of the Loan unless the Sub-project Implementing Entity has undertaken to: (i) carry out the Sub-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; (ii) require its personnel and other representatives involved in its Sub-project to adhere to the highest ethical standards in connection with its Sub-project, and in accordance with the provisions of the Anti-Corruption Guidelines; (iii) provide, promptly as needed, the resources required for the purpose; (iv) procure the goods, works and services required for the Sub-project and to be financed out of the proceeds of the Loan in accordance with the provisions of this Agreement; (v) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Bank, the progress of the Sub-project and the achievement of its objectives; (vi) (A) 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 (B) 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; (vii) enable the Borrower and the Bank to inspect the Sub-project, its operation and any relevant records and documents; and (viii) 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.

- (c) No Sub-project shall: (i) include expenditures intended for a military or paramilitary purpose; (ii) include civil works for government administration or religious purposes; (iii) relate to the manufacture or use of environmentally harmful products (including pesticides, ozone-depleting substances, tobacco or tobacco products, materials containing asbestos, arms and drugs); (iv) relate to activities producing liquid or gaseous effluents or emissions at harmful levels; (v) relate to activities using, producing, storing or transporting hazardous materials and wastes; (vi) relate to logging; (vii) relate to activities in protected areas; (viii) relate to fisheries activities that are not in accordance with standards set by the Borrower's Fishery Service Agency; (ix) include the financing of government salaries; (x) relate to mining or excavation of live coral or coral reef; (xi) include the provision of goods, works or services, directly or through intermediaries, by suppliers or contractors, as the case may be, who have been declared ineligible to participate in the procurement of any Bank-financed contract, whether indefinitely or for a stated period of time, as a result of a decision of the Bank, and in accordance with the terms of the decision; (xii) finance land acquisition; (xiii) include economic activities involving revolving funds; (xiv) include activities with significant, sensitive, complex, irreversible and unprecedented potential adverse environmental and social impacts that may affect an area broader than the sites or facilities; and (xv) include activities with the scale beyond those specified in the Ministry of Public Works and Housing Regulation No. 10, 2008.
- (d) The Borrower shall exercise its rights in respect of each Sub-project in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan.

2. Sub-projects under Part 3.2 of the Project financed under Kelurahan Grants.

The Borrower shall make each Kelurahan Grant for a Sub-project under Part 3.2 of the Project to a Participating Kelurahan on terms and conditions acceptable to Bank which shall include those set forth or referred to in the Project Operations Manual, this Agreement, and the following provisions:

- (a) The amount of the Kelurahan Grant shall not exceed the lesser of: (i) the estimated cost of the Sub-project (inclusive of taxes); and (ii) the Sub-project ceiling set out in the Project Operations Manual.

- (b) Each Sub-project shall be selected from the Community Settlement Plan developed by the BKM of the Participating Kelurahan.
- (c) The requirement of the Kelurahan to comply with the obligations set forth in Section I.E.1 (b) of this Schedule.
- (d) No project shall qualify as a Sub-project eligible for financing out of the proceeds of a Kelurahan Grant until a Sub-project Agreement: (a) has been entered into between the Ministry of Public Works and Housing and the relevant Participating Kelurahan (through BKM), in each case on terms and conditions set forth in this Agreement and in the Project Operations Manual; and (b) has been reviewed and approved by the relevant consultants.
- (e) The Borrower shall obtain rights adequate to protect its interests and those of the Bank, including the right to suspend or terminate the right of the Kelurahan to use the proceeds of the Loan, or obtain a refund of all or any part of the amount of the Loan then withdrawn for the Sub-project, upon the Kelurahan failure to perform any of its obligations, including those specified above in Section I.E.1(b) of Schedule 2 to this Agreement.
- (f) Each Sub-project shall be a public infrastructure or equipment investment project or a social service project (which may include emergency preparedness or risk reduction to reduce vulnerability to natural disasters) which is technically, financially and environmentally viable, and economically justified by the number of people benefiting from it.
- (g) Each Sub-project proposed that is in the education sector shall be compatible with the relevant Kabupaten/Kota education master plan, if such plan exists.
- (h) Each Sub-project that is in the health sector shall be compatible with the relevant Kabupaten/Kota health master plan, if such plan exists.

3. **Sub-projects under Part 3.1 of the Project**

- (a) The MPWH shall carry out the Sub-projects under Part 3.1 of the Project.
- (b) Each Sub-project shall be selected from the SIAP developed by the Local Government and meeting the requirements set forth in the Project Operations Manual.
- (c) In order to facilitate the implementation of Part 3.1 of the Project, the MPWH shall enter into a memorandum of understanding with each Participating City outlining the obligations of each part regarding implementation of activities in the SIAPs as further described in the Project Operations Manual.

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

1. The Borrower shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of the indicators agreed with the Bank and set forth in the Project Operations Manual. Each Project Report shall cover the period of one calendar year, and shall be furnished to the Bank not later than forty five (45) days after the end of the period covered by such report.
2. No later than June 30, 2018, the Borrower shall, in conjunction with the Bank, carry out a mid-term review of the Project (the "Mid-term Review"), covering the progress achieved in the implementation of the Project. To this end, the Borrower shall prepare and furnish to the Bank not less than three (3) months prior to the beginning of the Mid-term Review, a report integrating the results of the Project's monitoring and evaluation activities, on the progress achieved in the carrying out of the Project during the period preceding the date of such report, and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objective of the Project during the period following such date. Following the Mid-term Review, the Borrower shall act promptly and diligently in order to take, or cause to be taken, any corrective action deemed necessary by the Bank to remedy any shortcoming noted in the carrying out of the Project in furtherance of the objective of the Project.

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. Without limitation on the provisions of Part A of this Section, the Borrower shall prepare and furnish to the Bank not later than forty-five (45) 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 set forth in the Annex 2 to this Schedule; (b) Shopping; (c) Direct Contracting; and (d) Community Participation procedures 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) Quality-based Selection; (b) Least Cost Selection; (c) Selection based on Consultants' Qualifications; (d) Single-source Selection of consulting firms; (e) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (f) 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.

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Kelurahan Grants under Part 3.2 of the Project	60,000,000	100% of Bank Share of Kelurahan Grant amount disbursed
(2) Goods, works, consultants' services, non-consulting services and Training and Workshops under Parts 1, 2, 3.1 and 4 of the Project	156,500,000	100% of Bank Share of Total Lending
(3) Emergency Expenditures under Part 5 of the Project	0	100% of Bank Share of Total Lending
TOTAL AMOUNT	216,500,000	

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; and
 - (c) under Category (3) until: (i) the Borrower has declared a disaster, emergency or catastrophic event through the relevant national authority; (ii) the Bank and the Borrower have agreed in writing to address such disaster, emergency or catastrophic event under Part 5 of the Project and in accordance with the provisions of this Agreement; and (iii) Borrower has adopted an Emergency Response Operations Manual in accordance with the provisions of Section I.B.3 of Schedule 2 to this Agreement.
2. The Closing Date is March 31, 2022.

ANNEX TO SCHEDULE 2

National Competitive Bidding: Modifications to Procedures

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 Borrower's Presidential Regulation No. 54/2010 and its subsequent amendments as of January 16, 2015, 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 Loan 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 to all international bidders.
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, if it is required by the bidding documents, 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 provided that they comply with paragraph 1.10(b) of the Procurement Guidelines.

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.

Principal Payment Date	Installment Share (Expressed as a Percentage)
15 July 2023	4.18
15 January2024	4.28
15 July 2024	4.39
15 January2025	4.50
15 July 2025	4.61
15 January2026	4.73
15 July 2026	4.85
15 January2027	4.97
15 July 2027	5.09
15 January2028	5.22
15 July 2028	5.35
15 January2029	5.48
15 July 2029	5.62
15 January2030	5.76
15 July 2030	5.91
15 January2031	6.05
15 July 2031	6.20
15 January2032	6.36
15 July 2032	6.45

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.

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. “Bank Share” means the percentage agreed from time to time between the Bank and Cofinancier, and reflected in the additional instructions specified by the Bank pursuant to Section IV.A.1 of Schedule 2 to this Agreement.
3. “Bappeda” means *Badan Perencanaan Pembangunan Daerah* or the regional development planning agency of a Province or a Kabupaten/ Kota, as the case may be, or any successor thereto.
4. “Bappenas” means *Badan Perencanaan Pembangunan Nasional* or the national development planning board of the Borrower, or any successor thereto.
5. “BKM” means *Badan Keswadayaan Masyarakat*, a Kelurahan level board of community trustees with elected members legally empowered to act on behalf of the Kelurahan community in the Participating Kelurahan, and “BKMs” means more than one BKM.
6. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
7. “Central Bureau of Statistics” means *Badan Pusat Statistik*, the Borrower’s entity established pursuant to Borrower’s law no. 16 of 1997.
8. “Central Project Implementation Unit” means the unit established and operating in accordance with Section I.A.1(b)(ii) of Schedule 2 to this Agreement.
9. “City” or Kota” means a municipality, an administrative division within a province of the Borrower.
10. “City Coordinator” means the consultant and its teams assigned to each Participating City and/or Participating Kabupaten to manage the implementation of the Project, including coordination of Facilitators, and “City Coordinators” means more than one City Coordinator.
11. “City Project Implementation Unit” or “CPIU” means each City-level Project implementation unit established and operated by each Participating City in accordance with Section I.A.2(b) of Schedule 2 to this Agreement, and “CPIUs” means more than one CPIU.
12. “Co-financier” means the Asian Infrastructure Investment Bank, a multilateral financial institution whose purpose is to foster sustainable economic development, create wealth and improve infrastructure connectivity in Asia by investing in infrastructure and other productive sectors.

13. “Co-financing” means, for purposes of paragraph 16 of the Appendix to the General Conditions, an amount of two hundred sixteen million five hundred thousand United States Dollars to be provided by the Co-financier to assist in financing the Project.
14. “Co-financing Agreement” means the agreement to be entered into between the Borrower and the Co-financier providing for the Co-financing.
15. “Community Settlement Plan” or “CSP” means each multi-year slum development plan for a Participating Kelurahan prepared by a BKM in accordance the procedures and criteria set out in the Project Operations Manual, and “Community Settlement Plans” means more than one Community Settlement Plan.
16. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (revised July 2014).
17. “Displaced Person” means a person who, on account of the execution of the Project, has experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such person must move to another location; or (b) 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 Displaced Persons.
18. “Emergency Expenditure” means any of the Eligible Expenditures set forth in the Emergency Response Operations Manual in accordance with the provisions of Section I.B.3(a)(ii) of the Schedule 2 to the Agreement and required for the activities included in Part 5 of the Project.
19. “Emergency Response Operations Manual” means the manual to be prepared and adopted by the Borrower in accordance with the provisions of Section I.B.3(c) of the Schedule 2 to the Agreement, as the manual may be revised from time to time in accordance with the provisions of Section I.B.3 of the Schedule 2 to the Agreement.
20. “Environmental and Social Management Framework” means the environmental and social safeguards management framework dated March 8, 2016 and adopted by the Borrower on May 31, 2016, giving details of a program of actions, measures and policies designed to maximize the benefits accruing under the Project, avoid or mitigate any adverse impacts arising thereunder, or, if such adverse impacts cannot be avoided altogether, reduce such impacts to acceptable levels, as the same may be updated from time to time in agreement with the Bank, such framework incorporating among others LARPF, IPPF, EMP(s), LARAP(s), IPP(s) and PCR Management Plan(s).
21. “Environmental Management Plan” or “EMP” means an environmental management plan, acceptable to the Bank and consistent with the Environmental and Social Management Framework adopted for the purposes of a Sub-project, and giving details of the agreed actions and policies designed to maximize the benefits of the Sub-project, eliminate or offset

any adverse environmental impacts, or reduce such impacts to acceptable levels, along with the procedural and institutional measures needed to implement such actions and policies.

22. “Fiscal Year” means the Borrower’s fiscal year commencing January 1 and ending December 31 of the same year.
23. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated March 12, 2012, with the modifications set forth in Section II of this Appendix.
24. “Indigenous Peoples” means those social groups in the Borrower’s territory that have a distinct, vulnerable, social and cultural identity, and that possess the following characteristics in varying degrees: (a) self-identification as members of a distinct indigenous cultural group and recognition of this identity by others; (b) collective attachment to geographically distinct habitats or ancestral territories in the Project area and to the natural resources in these habitats and territories; (c) customary cultural, economic, social, or political institutions that are separate from those of the dominant society and culture; and (d) an indigenous language.
25. “Indigenous Peoples Planning Framework” means the updated indigenous peoples planning framework issued by the Borrower on March 8, 2016, giving details of a program of actions, measures and policies designed to facilitate a process of free, prior and informed consultation involving Indigenous Peoples in the design and implementation of every Sub-project, and to ensure that such Indigenous Peoples derive benefits from the Sub-project which are socially, economically and culturally appropriate, and gender and inter-generationally inclusive.
26. “Indigenous Peoples Plan” means each plan for a Sub-project, meeting the requirements of the Indigenous Peoples Planning Framework, that sets out the agreed measures to: (a) involve Indigenous Peoples, through a process of free, prior and informed consultation, in the design and implementation of each Sub-project in locations in which such people reside or make their living; (b) ensure that Indigenous Peoples affected by the Sub-project receive culturally appropriate social and economic benefits; and (c) when potential adverse effects on Indigenous Peoples are identified, those adverse effects are avoided, minimized, mitigated, or compensated for, in each case in a manner acceptable to the Bank and the Borrower.
27. “Kabupaten” means a regency, an administrative division of the Borrower.
28. “Kabupaten/Kota Housing and Settlement Task Force” means the local government-level task force established under a decree of a *Bupati* or mayor, as applicable, in each Participating Kabupaten or Participating City, or any successor thereto.
29. “Kecamatan” means a district, an administrative division of a Kabupaten.
30. “Kelurahan” mean an urban section of a Kecamatan.
31. “Kelurahan Grant” means a grant made available by the Borrower out of the proceeds of the Loan to a Participating Kelurahan for a Sub-project under Part 3.2 or Part 5 of the Project, and “Kelurahan Grants” means more than one Kelurahan Grant.

32. “Land Acquisition and Resettlement Action Plan” or “LARAP” means a resettlement and rehabilitation action plan for a Sub-project giving details of the agreed provisions for compensation, rehabilitation and resettlement assistance to Displaced Persons under the Sub-project, along with the procedural and institutional measures needed to implement such agreed provisions, acceptable to the Bank and the Borrower, prepared and implemented by a BKM, pursuant to the Land Acquisition and Resettlement Policy Framework.
33. “Land Acquisition and Resettlement Policy Framework” means the land acquisition and resettlement policy framework adopted by the Borrower through MPWH on May 31, 2016 setting forth the measures and actions to be taken during the implementation of the Project for the provision of compensation, rehabilitation and resettlement assistance to Displaced Persons, as such framework may be amended from time to time with the prior written agreement of the Bank and the Borrower.
34. “Local Government” means the government of a Kabupaten or Kota as the context requires, and “Local Governments” means more than one Local Government.
35. “Ministry of Finance” means the Borrower’s ministry responsible for finance or any successor thereto.
36. “Ministry of Health” means the Borrower’s ministry responsible for health or any successor thereto.
37. “Ministry of Home Affairs” means the Borrower’s ministry responsible for internal affairs or any successor thereto.
38. “Ministry of Land and Spatial Planning” means the Borrower’s ministry responsible for land or any successor thereto.
39. “Ministry of Public Works and Housing” or “MPWH” means the Borrower’s ministry responsible for public works and housing or any successor thereto.
40. “Participating City” means a City meeting the eligibility requirements set out in the Project Operations Manual and selected to participate in the Project.
41. “Participating Kelurahan” means a Kelurahan meeting the eligibility requirements set out in the Project Operations Manual and selected to participate in the Project.
42. “Participating Local Government” means the government of a participating Kota or a participating Kabupaten designated by the Borrower as one in which a Participating Kelurahan shall carry out a Sub-project in accordance with the Project Operations Manual, and “Participating Local Governments” means more than one participating Local Government.
43. “PCR Management Plan” means the plan prepared in accordance with the ESMF containing measures for avoiding or mitigating any adverse impacts on physical cultural resources,

provisions for managing chance finds, any necessary measures for strengthening institutional capacity, and a monitoring system to track the progress of these activities.

44. “Perpres” means a *Peraturan Presiden*, a presidential regulation.
45. “Pokja PKP” means the national-level oversight body of the Borrower’s national slum upgrading program, referred to in Section I.A.1(a) of Schedule 2 to this Agreement, or any successor thereto.
46. “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 (revised July 2014).
47. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated May 30, 2016 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
48. “Project Management Unit” means the central-level Project management unit established and operating in accordance with Section I.A.1(b)(i) of Schedule 2 to this Agreement.
49. “Project Operations Manual” means the Project operations manual, dated May 31, 2016 referred to in Section I.B.1(a) of Schedule 2 to this Agreement, as the same may be amended from time to time in agreement with the Bank, and such term includes any schedules to the Project Operations Manual.
50. “Province” means an administrative sub-division of the Borrower’s territory at the first level below the national level.
51. “Provincial Project Implementation Unit” or “PPIU” means each Province-level Project implementation unit established and operated by each Participating Province in accordance with Section I.A.2(a) of Schedule 2 to this Agreement, and “PPIUs” means more than one PPIU.
52. “Provincial Housing and Settlement Task Force” means the provincial government-level task force, established under a decree of a relevant governor in each participating Province.
53. “Safeguards Instruments” means, collectively, the Environmental and Social Management Framework, the Environmental Management Plan(s), LARPF, IPPF, EMP(s), LARAP(s), IPP(s) and PCR Management Plan(s).
54. “Slum Improvement Action Plan” or “SIAP” means each slum development plan for a Participating Local Government prepared in accordance with the procedures and criteria set out in the Project Operations Manual, and “Slum Improvement Action Plans” means more than one Slum Improvement Action Plans.

55. “Sub-project” means a set of activities: (a) under Part 3.1 of the Project as identified in a Slum Improvement Action Plan; (b) under Part 3.2 of the Project as identified in a Community Settlement Plan; or (c) under Part 5 of the Project as agreed in writing between the Borrower and the Bank, in each case selected pursuant to criteria and procedures set forth in the Project Operations Manual or (in the case of sub-project under Part 5 of the Project) Emergency Response Operations Manual and “Sub-projects” means more than one Sub-project.
56. “Sub-project Agreement” means the agreement to be entered into between the relevant Participating Kelurahan, through the BKM, and the Ministry of Public Works and Housing for purposes of implementing a Sub-project on the terms and conditions set forth in this Agreement and included in the Project Operations Manual, and “Sub-project Agreements” means more than one Sub-project Agreement.
57. “Sub-project Implementing Entity” means as the context requires any of the following entities responsible for implementing Sub-projects namely, the Ministry of Public Works and Housing (in the context of Part 3.1 of the Project), Kelurahan (in the context of Part 3.2 of the Project) or Coordinating Agency (in the context of Part 5 of the Project).
58. “Total Lending” means the amount constituted by the Cofinancing and the Loan.
59. “Training and Workshops” means Project-related training and workshops conducted in the territory of the Borrower, including acquisition and publication of materials, rental of facilities, course fees, and travel and subsistence of trainees.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. In the **Table of Contents**, the references to Sections, Section names and Section numbers are modified to reflect the modifications set forth in the paragraphs below.
2. Section 3.01. (*Front-end Fee*) is modified to read as follows:

“Section 3.01. *Front-end Fee; Commitment Charge*

(a) The Borrower shall pay the Bank a front-end fee on the Loan amount at the rate specified in the Loan Agreement (the “Front-end Fee”).

(b) The Borrower shall pay the Bank a commitment charge on the Unwithdrawn Loan Balance at the rate specified in the Loan Agreement (the “Commitment Charge”). The Commitment Charge shall accrue from a date sixty days after the date of the Loan Agreement to the respective dates on which amounts are withdrawn by the Borrower from the Loan Account or cancelled. The Commitment Charge shall be payable semi-annually in arrears on each Payment Date.”

3. In the Appendix, **Definitions**, all relevant references to Section numbers and paragraphs are modified, as necessary, to reflect the modification set forth in paragraph 2 above.
4. The Appendix is modified by inserting a new paragraph 19 with the following definition of “Commitment Charge”, and renumbering the subsequent paragraphs accordingly:

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