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**LOAN NUMBER 9278-ID**

# **Project Agreement**

**(Development of Pumped Storage Hydropower in the Java-Bali System Project)**

**between**

**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

**and**

**PT PERUSAHAAN LISTRIK NEGARA (PERSERO)**

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## PROJECT AGREEMENT

AGREEMENT between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) and PT PERUSAHAAN LISTRIK NEGARA (PERSERO) (“Project Implementing Entity”) (“Project Agreement”) in connection with the Loan Agreement (“Loan Agreement”) of the Signature Date between REPUBLIC OF INDONESIA (“Borrower”) and the Bank, concerning Loan No. 9278-ID. The Bank and the Project Implementing Entity hereby agree as follows:

### ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to the Loan Agreement) apply to and form part of this Agreement.
- 1.02. Unless the context requires otherwise: (a) the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to the Loan Agreement; and (b) the italicized terms used in this Agreement refer to locations on the territory of the Borrower.

### ARTICLE II — PROJECT

- 2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall carry out the Project in accordance with the provisions of Article V of the General Conditions and the Schedule to this Agreement, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

### ARTICLE III — REPRESENTATIVE; ADDRESSES

- 3.01. The Project Implementing Entity’s Representative is its President Director.
- 3.02. For purposes of Section 10.01 of the General Conditions: (a) the Bank’s address is:

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

(b) the Bank’s Electronic Address is:

Telex: 248423(MCI) or 64145(MCI)      Facsimile: 1-202-477-6391      E-mail: [IndonesiaCMU@worldbank.org](mailto:IndonesiaCMU@worldbank.org)

- 3.03. For purposes of Section 10.01 of the General Conditions: (a) the Project Implementing Entity’s address is:

Jalan Trunojoyo Blok M - I No 135  
Kebayoran Baru  
Jakarta 12160, Indonesia; and

(b) the Project Implementing Entity’s Electronic Address is:

Facsimile: (+62) 21 7227033      E-mail: [cisokan.pumpstorage@pln.co.id](mailto:cisokan.pumpstorage@pln.co.id)

AGREED as of the later of the two dates written below.

**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

By



Authorized Representative

Name: SATU KÄHKÖNEN

Title: COUNTRY DIRECTOR

Date: SEPTEMBER 24, 2021

**PT PERUSAHAAN LISTRIK NEGARA (PERSERO)**

By



Authorized Representative

Name: ZULKIFLI ZAINI

Title: PRESIDENT DIRECTOR

Date: November 19, 2021



## SCHEDULE

### Execution of the Project

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements.

##### 1. Mega-Project Directorate

- (a) The Mega-Project Directorate shall act as Project management office (“PMO”) and, as such, shall be responsible for the coordination of the implementation of the Project and reporting, with inputs from the UCPS PIU and the Corporate Planning Directorate.

##### 2. Arrangement for the implementation of Parts 1 and 2 of the Project

- (a) The Project Implementing Entity has established the Project implementation unit (“UCPS PIU”) under its Mega-Project Directorate, which shall be maintained throughout the implementation of the Project, with qualified staff in adequate number to implement Parts 1 and 2 of the Project, in coordination with other departments of the Project Implementing Entity.
- (b) Without limitation of the foregoing provision the UCPS PIU shall maintain throughout the implementation of the Project:
- (i) designated persons in charge of the procurement, contract management and implementation of the activities for the implementation of Parts 1 and 2 of the Project;
  - (ii) the support of an owner’s engineer, to conduct preparatory works, ensure supervision of the construction works, quality control, contractor management and implementation of the environmental and social instruments and coordinate with the relevant authorities and public entities, unless otherwise agreed by the Bank in writing;
  - (iii) the independent Project Review Panel, consisting of experts with specializations relevant to hydropower, each with terms of reference, qualifications and experience satisfactory to the Bank, and which shall include a Dam Safety Panel;
  - (iv) the Environmental and Social Panel, consisting of experts in adequate number, each with terms of reference, qualifications and experience satisfactory to the Bank, to provide independent advice on environmental and social aspects of UCPS Plan design and implementation, as well as measures to enhance the environmental and social outcome of the UCPS Plant; and

- (v) The Project Implementing Entity shall contract the services of a supervision engineer, starting from a date which shall be not later than two (2) months after the Effective Date. The supervision engineer shall have qualifications, experience and terms of reference satisfactory to the Bank, including reviewing and updating the detailed design, preparing construction drawings, managing contracts including claim management, supervising and monitoring the contractors' work and the implementation of their environmental and social obligations, as well as managing risk and overall implementation of Parts 1 and 2 of the Project.

3. Arrangement for the implementation of Part 3 of the Project

- (a) Activities to be implemented under Part 3 of the Project shall be carried out by the relevant units of the Project Implementing Entity, based on their areas of expertise, under the overall coordination of the Corporate Planning Directorate.
- (b) A focal point shall be designated for each unit contributing to the implementation of an activity under Part 3 of the Project to facilitate coordination between such unit and the Corporate Planning Directorate, not later than the beginning of the implementation of such activity and until such activity is completed.

4. Staffing.

- (a) Throughout the implementation of the Project, the Project Implementing Entity shall ensure that staff in adequate number, each with qualifications and experience acceptable to the Bank, is assigned to the implementation of the Project.

5. Dispute Board

- (a) The Project Implementation Entity shall ensure that, no later than the date which falls sixty (60) days after the declaration of effectiveness of the Contract Amendment Agreement, the Dispute Board is established in accordance with the provisions of the Construction Contract, and thereafter maintained throughout the implementation of the Project.

**B. Environmental and Social Standards.**

1. The Project Implementing Entity shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.

2. Without limitation upon paragraph 1 above, the Project Implementing Entity shall ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan ("ESCP"), in a manner acceptable to the Bank. To this end, the Project Implementing Entity shall ensure that:

- (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, and provided in the ESCP;
- (b) sufficient funds are available to cover the costs of implementing the ESCP;

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- (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
  - (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Bank shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
3. Without limitation to the provision of paragraphs 1 and 2 immediately above, the Project Implementing Entity shall ensure that the Action Plan for the LARAP has been implemented in a manner acceptable to the Bank prior to the first impoundment of the *Cisokan* barrage under Part 1 of the Project.
4. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
5. The Project Implementing Entity shall ensure that:
- (a) all measures necessary are taken to collect, compile, and furnish to the Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Bank, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Bank, setting out, *inter alia*: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and
  - (b) the Bank is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
6. The Project Implementing Entity shall establish, not later than three (3) months after the Effective Date, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Bank.
7. The Project Implementing Entity shall ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, subcontractors and supervising entities to: (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.



**C. Project Implementation Manual**

1. By not later than one (1) month after the Effective Date (or such other date which the Bank has confirmed in writing to the Project Implementing Entity is reasonable and acceptable under the circumstances, as determined by the Bank in its sole discretion), the Project Implementing Entity shall prepare and adopt an implementation manual for the Project (the "Project Implementation Manual") in form and substance acceptable to the Bank.
2. Without limitation to the provisions of Section I.C.1 of this Schedule, the Project Implementation Manual shall set forth, among other things, the following detailed arrangements and procedures for the implementation of the Project: (i) institutional arrangements for the day-to-day execution of the Project; (ii) the preparation and successive updates of the Procurement Plan and its implementation arrangements; (iii) arrangements for the implementation of the environmental and social instruments; (iv) budgeting, accounting, flow of funds, disbursement, reporting, auditing, internal controls and other relevant financial management arrangements; (v) Project monitoring, reporting, evaluation and communication arrangements; and (vi) any other administrative, financial, technical and organizational arrangements and procedures as shall be necessary for the implementation of the Project and the achievement of its development objective.
3. The Project Implementing Entity shall thereafter ensure that the Project is carried out in accordance with the Project Implementation Manual, and except as the Bank may otherwise agree in writing, shall not amend or waive, or permit to be amended or waived, any provision of the Project Implementation Manual.
4. In the event of any conflict between the provisions of the Project Implementation Manual and those of this Agreement, the provisions of this Agreement shall prevail.

**D. Counterpart Funds**

Without limitation to the provisions of Section 5.03 of the General Conditions, the Project Implementing Entity shall provide, from resources provided to it by the Borrower or from its own resources, an amount of not less than one hundred and forty-five million Dollars (\$145,000,000) as Counterpart Funds for the financing of the Project.

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

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

2. The Project Implementing Entity shall provide to the Borrower not later than five (5) months after the Closing Date, for incorporation in the report referred to in Section 5.08 (c) of the General Conditions all such information as the Borrower or the Bank shall reasonably request for the purposes of that Section.

**B. Annual Work Plans and Budgets**

1. (a) Except for the Project Implementing Entity's fiscal year during which the Loan Agreement shall become effective, each year, the Project Implementing Entity shall: (i) prepare and furnish to the Bank by November 15 in each year, beginning in 2021, a draft Annual Work Plan and Budget for review and comment, summarizing the implementation progress of the Project for the said year and the Project activities (including, among others, Incremental Operating Costs and Training) to be undertaken in the following fiscal year (together with documentary evidence that the environmental and social obligations related to such upcoming Project activities shall be fully complied with in a timely fashion in accordance with the environmental and social instruments for the Project), including the proposed annual budget and sources of financing for the Project (Loan, Counterpart Funds, Co-financing and any other source of financing which may become available for the Project); (ii) taking into account the Bank's comments, finalize and furnish to the Bank no later than December 15 in each year, beginning in 2022, the Annual Work Plan and Budget, acceptable to the Bank; (iii) thereafter ensure that funds are made available in a timely fashion for the implementation of the Project activities and Project activities are implemented during the following fiscal year, all in accordance with the Annual Work Plan and Budget agreed with the Bank; and (iv) update the Annual Work Plan and Budget in agreement with the Bank if and as needed on a quarterly basis. The Project Implementing Entity shall not amend, suspend, abrogate, or waive said Annual Work Plans and Budgets or any provision thereof without the prior written agreement of the Bank.
- (b) For the Project Implementing Entity's fiscal year during which the Loan Agreement shall become effective, the date referred to in Section II.B.1(a)(i) of this Schedule shall be one (1) month after the Effective Date and the date referred to in Section II.B.1(a)(ii) of this Schedule shall be two (2) months after the Effective Date. Such Annual Work Plan and Budget shall not include any reporting related to activities implemented during the fiscal year during which it is prepared.

**C. Project Midterm Review**

The Project Implementing Entity shall:

1. not later than twenty-four (24) months after the Effective Date, or such other date as may be agreed with the Bank, carry out jointly with the Borrower and the Bank, a midterm review of the Project (the "Midterm Review"), to assess the status of Project implementation, as measured against the indicators referred to in Section II.A.1 of the Schedule to this Agreement and the legal covenants included in this Agreement. Such review shall include an assessment of the following: (a) overall progress in implementation; (b) results of monitoring and evaluation activities; (c) progress on procurement and disbursement; (d) progress on

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implementation of environmental and social measures; (e) implementation arrangements and Project staffing; and (f) the need to make any adjustments to the Project and reallocate funds to improve performance, if any;

2. to this end, prepare and furnish to the Borrower and the Bank, at least one (1) month before the Midterm Review, a report (or reports), in scope and detail satisfactory to the Bank and integrating the results of the monitoring and evaluation activities performed pursuant to Section II.A.1 of this Schedule, 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 its objectives during the period following such date; and
3. review jointly with the Borrower and the Bank the report or reports referred to in the preceding paragraph, and thereafter take all measures required to ensure the efficient completion of the Project and the achievement of its objectives, based on the conclusions and recommendations of such report or reports and the Bank's views on the matter.

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