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**LOAN NUMBER 7737-ID**

# **Loan Agreement**

**(Health Professional Education Quality Project)**

**between**

**REPUBLIC OF INDONESIA**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**Dated October 1, 2009**

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## **LOAN AGREEMENT**

AGREEMENT dated October 1, 2009, between REPUBLIC OF INDONESIA (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”). 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 seventy seven million eight hundred twenty two thousand United States Dollars (\$77,822,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Agreement (“Loan”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount. The Borrower shall pay the Front-end Fee not later than sixty (60) days after the Effective Date.
- 2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to LIBOR for the Loan Currency plus the Variable Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty (30) days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02(d) of the General Conditions.
- 2.05. The Payment Dates are March 1 and September 1 in each year.

- 2.06. The principal amount of the Loan shall be repaid in accordance with the 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 all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; and (iii) the setting of limits on the Variable Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate.
- (b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a “Conversion”, as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

### **ARTICLE III — PROJECT**

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall carry out the Project through the DGHE 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: the Borrower shall have adopted the Project Management Manual acceptable to the Borrower and the Bank.
- 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  
c/o Directorate General of Debt Management  
Jalan Lapangan Banteng Timur 2-4  
P. O. Box 1139  
Jakarta 10710  
Indonesia

Cable address:	Telex:	Facsimile:
FINMINISTRY Jakarta	45799 DJMLN-IA 44319 DEPKEU-IA	(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:	Telex:	Facsimile:
INTBAFRAD Washington, D.C.	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: /s/ Rahmat Waluyanto

Authorized Representative

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By: /s/ Chris Hoban

Authorized Representative

## SCHEDULE 1

### Project Description

The objective of the Project is to strengthen quality assurance policies governing the education of health professionals in Indonesia through: (i) rationalizing and assuring competency focused accreditation of public and private health professional training institutions; (ii) developing national competency standards and testing procedures for certification and licensing of health professionals; and (iii) building institutional capacity to employ results based grants for encouraging use of accreditation and certification standards in the development of medical school quality.

The Project consists of the following parts:

#### **Part 1. Strengthening Policies and Procedures for School Accreditation.**

- 1.1 **Development of Strategic Framework, Policies and Procedures for Accreditation of Health Higher Education Institutions** by supporting DGHE in: (a) building consensus among key stakeholders; (b) developing an accreditation master plan in alignment with international standards; (c) developing, establishing and supporting operation and management for an independent national accreditation agency (NAA); and (d) harmonizing regulations and policies of DGHE on accreditation.
- 1.2 **Development of Standards of Health Education Programs and Standards of Competency** by: (a) supporting DGHE in: (i) developing competence and education standards for nursing and midwifery; (ii) harmonizing standards of competence for doctors, dentists, nurses, and midwives; (iii) establishing a certification system for clinical instructors; (iv) developing guidelines for clinical instructor training; (v) establishing standards for teaching hospitals and other clinical training sites; and (vi) supporting a national medical education research and development function among Associations of Health Higher Education Institutions; and (b) (i) supporting Associations of Health Higher Education Institutions in applying the established standards of competency among members; and (ii) supporting AIPKI (one of the Associations of Health Higher Education Institutions) in managing Research Programs for individuals and/or groups on health education and standards of competency.
- 1.3 **Development of Accreditation Instruments** by supporting BAN-PT and NAA (following its establishment) to develop, pilot and disseminate accreditation instruments for medical, dental, nursing and midwifery education through a stakeholder participatory process.
- 1.4 **Development of a Pool of Assessors** by supporting BAN-PT and NAA (following its establishment) in: (a) the identification and development of a

recruitment system for assessors in BAN-PT and NAA for accreditation; (b) establishing a basic training program for selected assessors; and (c) conducting regular refresher training for assessors.

- 1.5 **Establishment of an Accountability System for Accreditation of Health Higher Education Institutions** by supporting DGHE to develop a directory of accreditation status of Health Higher Education Institutions and to publicize the directory through the website of the accreditation agency and other mass media.
- 1.6 **Improving Data Management to Support the Accreditation System** through: (a) supporting DGHE to develop a system to harmonize and streamline data collection from Health Higher Education Institutions and the NAA; and (b) supporting DGHE to provide capacity building to Health Higher Education Institutions for information management and conducting self evaluation for continuous quality improvement.

**Part 2. Certification of Graduates Using National Competency-based Examination.**

- 2.1 **Establishing an Independent National Agency for Competence Examination of Health Professionals** through supporting DGHE in: (a) developing the concept for, establishing and supporting the operation and management of an independent examination body (NACE HealthPro) to cover medical, dental, nursing, and midwifery graduate examinations; and (b) supporting NACE HealthPro in managing Research Programs for Health Higher Education Institutions and/or individuals therein to conduct policy studies on evaluation.
- 2.2 **Improving Methodology and Management of the National Competence Examination** through supporting NACE HealthPro (following its establishment) in developing a computer-based examination system and an objective structured clinical examination system for medical, dental, nursing and midwifery examinations, and introducing and operating such systems in approximately twelve (12) pilot centers at selected Health Higher Education Institutions.
- 2.3 **Developing an Item Banking Network System to support the National Competence Examination** through support for the NACE HealthPro (following its establishment) in developing, establishing and providing training to Health Higher Education Institutions and workshops on the use of an information technology-based item bank networking system.

**Part 3. Results-based Financial Assistance Package for Medical Schools.** Providing FAPs to support implementation of competency-based curriculum, teacher and staff training, improvement of learning facilities, data management capacity, student scholarship and Research Programs for Participating Medical Schools under: (a) Scheme A for leading Participating Medical Schools; (b) Scheme B for

weak capacity and new Participating Medical Schools; and (c) Scheme C for moderate capacity Participating Medical Schools.

**Part 4. Project Management.** Provision of technical advisory services and training, and other material support to DGHE to support the management of the Project.



## **SCHEDULE 2**

### **Project Execution**

#### **Section I. Institutional and Implementation Arrangements**

##### **A. Institutional Arrangements**

1. The Borrower shall maintain until completion of the Project the Steering Committee, established within the DGHE with a mandate, composition (including representatives of BAPPENAS, MONE, MOH and MOF) and terms of reference agreed between the Borrower and the Bank, to provide strategic direction for the Project.
2. The Borrower shall maintain until completion of the Project, the Technical Committee established with a mandate, composition and terms of reference agreed between the Borrower and the Bank, including representatives of the BAPPENAS, MONE, MOH, MOF, KKI, BAN-PT, Associations of Health Higher Education Institutions, and Professional Associations, to assist and advise the CPCU concerning technical implementation of the Project related to their professional competencies.
3. The Borrower shall ensure that the Director General of Higher Education (or any successor designation) of MONE shall act as the Project director, the Director of Academic Affairs (or any successor designation) of DGHE shall act as the Project Manager, and Head of Sub-Directorate of Curriculum and Study Programs (or any successor designation) of DGHE shall act as the Vice- Project manager. The Borrower shall maintain until completion of the Project, the central Project coordination unit (CPCU), established in the office of the Directorate of Academic Affairs of DGHE. The CPCU shall establish a Project secretariat which shall be chaired by a full time executive secretary, supported by a person-in-charge assigned to each Part of the Project, supported by project management consultants and comprised of staff whose composition and terms of reference shall have agreed between the Borrower and the Bank.
4. For the purposes of carrying out Part 3 of the Project, the Borrower shall ensure that: (a) BHE of DGHE, with the support of the CPCU, shall be responsible for establishing the guidelines for the FAP selection process and for overseeing implementation of the FAPs; and (b) each Participating Medical School shall establish, by no later than the date on which it enters into a FAP Agreement and thereafter maintain until completion of the Project, a PIU under the authority of the rector (or equivalent position) of the Participating Medical School, with a mandate, composition and terms of reference agreed between the Borrower and the Bank to implement the FAP received by such Participating Medical School.

5. The Borrower shall ensure that each of the Steering Committee, Technical Committee, CPCU and each PIU is provided at all times with adequate funds and other resources, and supported by suitably qualified and experienced personnel in adequate numbers as needed to accomplish the objectives of the Project.

**B. Implementation Obligations**

1. The Borrower shall:
  - (a) implement the Project in accordance with the Project Management Manual, agreed between the Borrower and the Bank, giving details of guidelines and procedures for the implementation, supervision, and monitoring and evaluation of the Project, including: (i) institutional arrangements; (ii) fiduciary requirements for FAPs; (iii) criteria and time schedules for development of work plans for Parts 1 and 2 of the Project; (iv) process budget documents (DIPA); (v) reporting, and monitoring and evaluation, requirements, and financial management and audit procedures as set forth in Section II of Schedule 2 to this Agreement; (vi) procurement procedures as set forth in Section III of Schedule 2 to this Agreement as well as standard procurement documentation; (vii) the Better Governance Action Plan; and (viii) eligibility and selection criteria, implementation arrangements and terms and conditions for agreements for Research Programs under Part 1.2(b)(ii) and Part 2.1(b) of the Program;
  - (b) implement Part 3 of the Project in accordance with the FAP Manual, agreed between the Borrower and the Bank, giving details of guidelines and procedures for the eligibility and selection criteria, implementation arrangements, supervision, and monitoring and evaluation, of the FAPs, in accordance with Attachment 2 to this Schedule 2, and where FAPs will support Research Programs, the eligibility and selection criteria, implementation arrangement and terms and conditions for agreements for such Research Programs; and
  - (c) except as the Borrower and the Bank shall otherwise agree, shall not amend or waive any provision of either of the Project Management Manual or the FAP Manual.
2. For the purposes of establishing and providing support to NAA under Part 1.1 of the Project, the Borrower shall ensure that:

- (a) NAA is established as an independent entity with charter documents, staffing plan and operational procedures agreed between the Borrower and the Bank; and
  - (b) the Borrower shall: (i) enter into the NAA Memorandum of Agreement, on terms and conditions agreed between the Borrower and the Bank, with NAA setting out the activities that NAA will undertake under the Project and the requirement for the use of the proceeds of the Loan in accordance with the Project Management Manual and the Anti-Corruption Guidelines, including the provisions of Attachment 1 to this Schedule 2; and (ii) the Borrower shall not make any proceeds of the Loan available to NAA and shall not permit NAA to commence activities under Part 1.1 of the Project until the Borrower and NAA have entered into such memorandum of agreement.
3. For the purposes of supporting Associations of Health Higher Education Institutions under Part 1.2(b) of the Project, the Borrower shall enter into an Association Memorandum of Agreement, on terms and conditions agreed between the Borrower and the Bank, with each Association of Health Higher Education Institutions setting out the activities that such institutions will undertake under the Project and the requirements for the use of the proceeds of the Loan in accordance with the Project Management Manual and the Anti-Corruption Guidelines, including the provisions of Attachment 1 to this Schedule 2; and (ii) the Borrower shall not make any proceeds of the Loan available to any Association of Health Higher Education Institutions and shall not permit any such association to commence activities under Part 1.2(b) of the Project until the Borrower and such association have entered into such memorandum of agreement.
4. For the purposes of supporting AIPKI, one of the Associations of Education Institutions, to conduct Research Programs under Part 1.2(b)(ii) of the Project, and provided that AIPKI has entered into an Association Memorandum of Agreement, (i) AIPKI shall enter into a Research Program Agreement with each Researcher setting out the activities that such Researcher will undertake under the Project and the requirements for the use of the proceeds of the Loan in accordance with the Project Management Manual and the Anti-Corruption Guidelines, including the provisions of Attachment 1 to this Schedule 2; and (ii) the Borrower shall not make any proceeds of the Loan available to AIPKI for the purpose of a Research Program until AIPKI shall have entered into a Research Program Agreement with the respective Researcher for such Research Program.
5. For the purposes of establishing and providing support to NACE HealthPro under Part 2 of the Project, the Borrower shall ensure that:

- (a) NACE HealthPro is established as an independent entity with charter documents, staffing plan and operational procedures agreed between the Borrower and the Bank;
  - (b) the Borrower shall: (i) enter into the NACE HealthPro Memorandum of Agreement, on terms and conditions agreed between the Borrower and the Bank, with NACE HealthPro setting out the activities that NACE HealthPro will undertake under the Project and the requirements for the use of the proceeds of the Loan in accordance with the Project Management Manual and the Anti-Corruption Guidelines, including the provisions of Attachment 1 to this Schedule 2; and (ii) the Borrower shall not make any proceeds of the Loan available to NACE HealthPro and shall not permit NACE HealthPro to commence activities under Part 2 of the Project until the Borrower and NACE HealthPro have entered into such memorandum of agreement; and
  - (c) for the purposes of supporting NACE HealthPro to undertake Research Programs under Part 2.1(b) of the Project, and provided that NACE HealthPro has entered into the NACE HealthPro Memorandum of Agreement, NACE HealthPro shall enter into a Research Program Agreement with each Researcher setting out the activities that such Researcher will undertake under the Project and the requirements for the use of the proceeds of the Loan in accordance with the Project Management Manual and the Anti-Corruption Guidelines, including the provisions of Attachment 1 to this Schedule 2; and (ii) the Borrower shall not make any proceeds of the Loan available to NACE HealthPro for the purpose of a Research Program until NACE HealthPro shall have entered into a Research Program Agreement with the respective Researcher for such Research Program.
6. For purposes of providing FAPs to Participating Medical Schools under Part 3 of the Project, the Borrower shall implement the Project in accordance with the FAP Manual and the terms and conditions for FAPs set out in Attachment 2 to this Schedule 2.

**C. Anti-Corruption**

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

**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 indicators agreed with the Bank. Each Project Report shall cover the period of one (1) calendar quarter, and shall be furnished to the Bank not later than forty-five (45) days 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. Without limitation on the provisions of Part A of this Section, the Borrower shall prepare and furnish to the Bank as part of the Project Report 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: (a) prepare and submit to the Bank for review and comment, by no later than June 30, 2012 (or such later date as the Bank and the Borrower may otherwise agree in writing), a draft mid-term review incorporating the results of each Project Report; and (b) by no later than September 30, 2012 (or such later date as the Bank and the Borrower may otherwise agree), submit to the Bank a final mid-term review having taken into account the comments provided by the Bank on mid-term review.
4. The Borrower shall have its Financial Statements audited in accordance with the provisions of Section 5.09(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six (6) months after the end of such period.

**Section III. Procurement**

**A. General**

1. **Goods, Works and Services.** All civil works, goods 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 the Procurement Guidelines, or Consultant Guidelines, as the case may be.

**B. Particular Methods of Procurement of Goods, Works and 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 Services.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and non-consulting services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<b>Procurement Method</b>
(a) National Competitive Bidding, subject to the modifications set forth in Attachment 3 to this Annex
(b) Shopping
(c) Direct Contracting

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

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
2. **Other Methods of Procurement of Consultants’ Services.** The following table specifies the methods of procurement, other than Quality- and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<b>Procurement Method</b>
(a) Selection based on Consultants’ Qualifications
(b) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants
(c) Single Source Selection

(d) Sole Source Procedures for the Selection of Individual Consultants
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**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) Training and workshops, incremental operating costs, research expenditures consultants services and goods under Part 1 of the Project	6,584,000	100%
(2) Training and workshops, incremental operating costs, research expenditures, consultants services and goods under Part 2 of the Project	12,099,000	100%
(3) FAPs for Sub-projects under Part 3 of the Project	55,000,000	100%
(4) Training and workshops, incremental operating costs, consultants services and goods under Part 4 of the Project	4,139,000	100%
<b>TOTAL AMOUNT</b>	<b>77,822,000</b>	

\* For the purposes of this table: (i) “training and workshops” means the reasonable costs of expenses incurred in carrying out training and workshops for the Project, including purchase, reproduction and publication of materials, rental of facilities, course fees, and travel and subsistence of trainees; (ii) “incremental operating costs” means the reasonable costs of incremental expenses incurred in the carrying out of the Project (which expenditures would not have been incurred absent the Project), including fees for assessors to conduct accreditation under Part 1.4 of the Project, fees for proposal reviewer and module development under FAPs, communications costs, travel allowance and operational cost for the CPCU, but in all cases excluding salaries of civil servants of the Borrower; and (iii) “research expenditures” means the reasonable expenditures incurred in the conduct of a Research Program by a Researcher pursuant to a Research Program Agreement.

## **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; or



- (b) for payments made prior to the date of this Agreement; or
  - (c) under Category 3 until the Borrower has adopted the FAP Manual acceptable to the Borrower and the Bank and has entered into at least one FAP Agreement with at least one (1) Participating Medical School.
2. The Closing Date is December 31, 2014.

**Attachment 1 to Schedule 2****Terms and Conditions Applicable to Agreements Providing for the Use of Proceeds of the Loan by Institutions, Associations and Individuals (other than FAPs)**

The Borrower shall ensure that the NAA Memorandum of Agreement, each Association Memorandum of Agreement, the NACE HealthPro Memorandum of Agreement and each Research Program Agreement shall contain the following terms and conditions:

- (a) Positive List: (i) details of eligible activities and eligible expenditures in compliance with this Agreement; (ii) details of agreed disbursement schedules; (iii) if any procurement will be undertaken by the recipient of Loan proceeds there under, procurement procedures consistent with the provisions of Section III of Schedule 2 to this Agreement; (iv) provisions for maintaining a financial system and preparing financial statements in accordance with consistently applied accounting standards acceptable to the Borrower and the Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the proceeds of the Loan and to have such financial statements audited in accordance with auditing standards acceptable to the Borrower and the Bank and to furnish the statements to the Borrower and the Bank; (v) the right of the Borrower and the Bank to inspect the activities undertaken pursuant to such agreement, its operations and any documents related thereto; (vi) an undertaking on the part of the recipient of Loan proceeds pursuant to such agreement to comply with the Anti-Corruption Guidelines; (vii) the right of the Borrower to suspend or terminate the right of the recipient of Loan proceeds pursuant to such agreement to use such proceeds upon the recipient thereof's failure to perform any of its obligations under such agreement; and (viii) the undertaking of the recipient of proceeds of the Loan to implement all activities there under in accordance with the Project Management Manual or the FAP Manual (for Research Programs under Part 3 of the Project), as applicable.
  
- (b) Negative List: No proceeds of the Loan shall be used to finance expenditures involving or likely to involve: (i) the manufacture or use of environmentally hazardous goods (including asbestos, pesticides and herbicides), arms or drugs; (ii) the production, processing, handling, storage or sale of tobacco or products containing tobacco; (iii) activities within a nature reserve or any other area designated by the Borrower for the management and/or the protection of biodiversity, except with the prior written approval of the Borrower's agency responsible for the management and/or protection of such area; (iv) over-exploitation of water resources and/or contamination of domestic water supplies; or (v) 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's Sanctions Committee, but only to the extent that such sanction remains valid and applicable, according to the terms of the decision.

No proceeds of the Loan shall be made available to finance the salaries of civil servants of the Borrower.

**Attachment 2 to Schedule 2****Terms and Conditions Applicable to FAPs.**

1. **FAP Manual.** For purposes of providing FAPs to Participating Medical Schools for Sub-projects under Part 3 of the Project, the Borrower shall:
  - (a) make FAPs available to support implementation of competency-based curriculum, teacher and staff training, improvement of learning facilities, data management capacity, student scholarship and Research Programs;
  - (b) ensure that each FAP is implemented in accordance with the FAP Manual as follows giving details of guidelines and procedures for the implementation, supervision, and monitoring and evaluation, of Sub-projects, including: (i) institutional arrangements; (ii) eligibility and selection criteria for Scheme A FAPs, Scheme B FAPs and Scheme C FAPs, terms and conditions for the applicable type of FAP Agreements, and implementation obligations for the applicable type of FAPs; (iii) eligibility and selection criteria for Research Programs under Scheme FAPs; (iv) criteria and time schedules for development of Annual Work Plans; (v) reporting, and monitoring and evaluation, requirements, and financial management and audit procedures as set forth in Section II of Schedule 2 to this Agreement; (vi) procurement procedures as set forth in Section III of Schedule 2 to this Agreement as well as standard procurement documentation; and (vii) details of the Better Governance Action Plan; and
  - (c) except as the Borrower and the Bank shall otherwise agree, not amend or waive any provision of the FAP Manual.
2. **Implementation Obligations for FAPs.** The Borrower shall ensure that FAPs are provided to Participating Medical Schools in compliance with the following provisions:
  - (a) **Schemes.** There shall be three (3) FAP schemes and BHE shall make FAPs available for Sub-projects under each scheme as follows:
    - (i) (A) Scheme A shall be made available to such number of leading medical schools (meeting the requirements specified in the FAP Manual) as may be agreed between the Borrower and the Bank (expected to be 10); provided, however, that in order to become a Participating Medical School, each such leading medical school shall agree to assist a Participating Medical School that is a weak medical school or new medical school under Scheme B

(such assistance to be funded out of the FAP provided to such Scheme B Participating Medical School).

- (B) The CPCU shall submit a consolidated list of Scheme A Medical Schools to the Bank for no objection prior to the commencement of any Scheme A FAP.
  - (C) Except as the Bank and the Borrower may otherwise agree, each Scheme A FAP shall not exceed US\$1,000,000 equivalent and shall cover activities over a period of no more than three (3) years; provided that no FAP may extend beyond the Closing Date.
  - (D) The terms and conditions for the use by each Scheme A Participating Medical School of its respective Scheme A FAP, including the mechanism for selecting the partner Scheme B Participating Medical School, shall be set out in its respective FAP Agreement on terms and conditions acceptable to the Borrower and the Bank in accordance with this Agreement. In the event that a Scheme A FAP includes a Research Program, then such Scheme A FAP shall also include eligibility and selection criteria, implementation arrangement and terms and conditions for Research Program Agreements meeting the requirements of Attachment 1 to Schedule 2 to this Agreement.
- (ii)
    - (A) Scheme B shall be made available to such number of weak capacity medical schools (as defined in the FAP Manual) as may be agreed between the Borrower and the Bank (expected to be 13) and such number of new medical schools (as defined in the FAP Manual) as may be agreed between the Borrower and the Bank (expected to be 7), in each case on the basis of a competitive selection procedure specified in the FAP Manual and this Annex. In order to become a Participating Medical School, each such weak or new medical school shall agree to use a portion of its FAP to work with a Participating Medical School that is a leading medical school under Scheme A to be selected on the basis of consultation undertaken in accordance with the FAP Manual.
    - (B) The CPCU shall submit a consolidated list of Scheme B Medical Schools to the Bank for no objection prior to the commencement of any Scheme B FAP.

- (C) Except as the Bank and the Borrower may otherwise agree, each Scheme B FAP shall not exceed US\$1,500,000 equivalent and shall cover activities over a period of no more than three (3) years; provided that no FAP may extend beyond the Closing Date.
  - (D) The terms and conditions for the use by each Scheme B Participating Medical School of its respective Scheme B FAP, including the mechanism for selecting the partner Scheme A Participating Medical School, shall be set out in its respective FAP Agreement, in each case on terms and conditions acceptable to the Borrower and the Bank in accordance with this Agreement.
- (iii)
- (A) Scheme C shall be made available to such number of moderate capacity medical schools (as defined in the FAP Manual) as may be agreed between the Borrower and the Bank (expected to be 10), in each case on the basis of a competitive selection procedure specified in the FAP Manual and this Annex.
  - (B) The CPCU shall submit a consolidated list of Scheme C Medical Schools to the Bank for no objection prior to the commencement of any Scheme C FAP.
  - (C) Except as the Bank and the Borrower may otherwise agree, each Scheme C FAP shall not exceed US\$1,500,000 equivalent and shall cover activities over a period of no more than three (3) years; provided that no FAP may extend beyond the Closing Date.
  - (D) The terms and conditions for the use by each Scheme C Participating Medical School of its respective Scheme C FAP shall be set out in its respective FAP Agreement, in each case on terms and conditions acceptable to the Borrower and the Bank in accordance with this Agreement.
- (b) **Selection Process.** DGHE shall ensure that FAPs shall only be provided to medical schools that have met the eligibility and selection criteria and have proposed Sub-projects meeting the requirements set out in the FAP Manual and have been designated as Participating Medical Schools by DGHE following the procedure for call for proposals, review of proposals and (in the case of Scheme B and Scheme C) eligibility of proposing medical schools, as set out in the FAP Manual.

- (c) **FAP Agreements.** (i) DGHE shall enter into a FAP Agreement, on terms and conditions acceptable to the Borrower and the Bank, with each Participating Medical School for its respective FAP prior to providing any Loan proceeds to the Participating Medical School. Each FAP Agreement shall set out: (A) details of eligible activities and eligible expenditures in compliance with this Agreement; (B) details of agreed disbursement schedules; (C) procurement procedures consistent with the provisions of Section III of Schedule 2 to this Agreement; (D) provisions for maintaining a financial system and preparing financial statements in accordance with consistently applied accounting standards acceptable to the Borrower and the Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the Sub-project and to have such financial statements audited in accordance with auditing standards acceptable to the Borrower and the Bank and to furnish the statements to the Borrower and the Bank; (E) the right of the Borrower and the Bank to inspect the Sub-project, its operations and any documents related thereto; (F) an undertaking on the part of the Participating Medical School to comply with the Anti-Corruption Guidelines; (G) the right of the Borrower to suspend or terminate the right of the Participating Medical School to use the proceeds of the FAP upon the Participating Medical School's failure to perform any of its obligations under the FAP Agreement; (H) in the case of Scheme A FAPs which propose Research Programs, the eligibility and selection criteria, implementation arrangement and terms and conditions for Research Program Agreements meeting the requirements of Attachment 1 to Schedule 2 to this Agreement; and (I) the undertaking of the Participating Medical School to implement the FAP in accordance with the FAP Manual.
- (ii) DGHE shall ensure that no proceeds of the Loan shall be used to finance any FAP unless a FAP Agreement has been entered into and remains in force and effect between the Borrower and the Participating Medical School undertaking such FAP on the terms and conditions set forth in this Agreement.
- (d) **Disbursement.** DGHE shall allocate FAPs through results-based allocation following review of performance by each Participating Medical School under its FAP Agreement, provided; however that FAPs will only be disbursed against eligible expenditures for civil works, goods, services, training and workshops, incremental operating costs and/or research expenditures as set out in the FAP Manual.
- (e) No FAP shall be made available to finance expenditures involving or likely to involve: (i) the manufacture or use of environmentally hazardous goods (including asbestos, pesticides and herbicides), arms or

drugs; (ii) the production, processing, handling, storage or sale of tobacco or products containing tobacco; (iii) activities within a nature reserve or any other area designated by the Borrower for the management and/or the protection of biodiversity, except with the prior written approval of the Borrower's agency responsible for the management and/or protection of such area; (iv) over-exploitation of water resources and/or contamination of domestic water supplies; or (v) 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's Sanctions Committee, but only to the extent that such sanction remains valid and applicable, according to the terms of the decision.

No FAP shall be made available to finance the salaries of civil servants of the Borrower.

- (f) **Procurement Planning.** The CPCU shall consolidate the procurement plans for all Participating Medical Schools and shall submit them to the Bank for no objection prior to the commencement of activities under each such procurement plan. The CPCU shall also consolidate proposed changes/revisions to any procurement plan and submit such proposed changes to the Bank for no objection prior to the commencement of activities that are the subject of the proposed changes/revisions.



**Attachment 3 to Schedule 2****Clarifications Relating to National Competitive Bidding Procedures**1. General

The procedures to be followed for NCB shall be those set forth in Presidential Decree No. 80/2003 of the Republic of Indonesia with the clarifications and modifications described in the following paragraphs required for compliance with the provisions of the “Guidelines for Procurement under IBRD Loans and IDA Credits” dated May 2004 (the Guidelines).

2. Registration

- (a) Bidding shall not be restricted to pre-registered firms and shall not be a condition for participation in the bidding process.
- (b) Where registration is required prior to award of contract, bidders: (i) shall be allowed a reasonable time to complete the registration process; and (ii) shall not be denied registration for reasons unrelated to their capability and resources to successfully perform the contract, which shall be verified through post-qualification.

3. Pre-qualification

- (a) Pre-qualification shall not be used for simple goods and works. Normally, post-qualification shall be used. Pre-qualification shall be required only for large or complex works with the prior ‘no objection’ of the Bank. When pre-qualification shall be required:
- (b) eligible bidders (both national and foreign) shall not be denied pre-qualification, and
- (b) invitations to pre-qualify for bidding shall be advertised in at least one (1) widely circulated national daily newspaper a minimum of thirty (30) days prior to the deadline for the submission of pre-qualification applications.

4. Joint Ventures

A bidder declared the lowest evaluated responsive bidder shall not be required to form a joint venture or to sub-contract part of work or part of the supply of goods as a condition of award of the contract.

5. Preferences

- (a) No preference of any kind shall be given to national bidders.
- (b) Regulations issued by a sectoral ministry, provincial regulations and local regulations, which restrict national competitive bidding procedures to a class of contractors or a class of suppliers shall not be applicable to procurement procedures under the Credit or the Loan.

6. Advertising

- (a) Invitations to bid shall be advertised in at least one (1) widely circulated national daily newspaper allowing a minimum of thirty (30) days for the preparation and submission of bids and allowing potential bidders to purchase bidding documents up to twenty-four (24) hours prior the deadline for the submission of bids.
- (b) Bid documents shall be made available, by mail or in person, to all who are willing to pay the required fee.
- (c) Bidders domiciled outside the area/district/province of the unit responsible for procurement shall be allowed to participate regardless of the estimated value of the contract.
- (d) Foreign bidders shall not be precluded from bidding. If a registration process is required, a foreign firm declared the lowest evaluated bidder shall be given a reasonable opportunity for registering.

7. Bid Security

Bid security, at the bidder's option, shall be in the form of a letter of credit or bank guarantee from a reputable bank.

8. Bid Opening and Bid Evaluation

- (a) Bids shall be opened in public, immediately after the deadline for submission of bids, and if bids are invited in two (2) envelopes, both envelopes (technical and price) shall be opened at the same time.
- (b) Evaluation of bids shall be made in strict adherence to the criteria declared in the bidding documents and contracts shall be awarded to the lowest evaluated bidder.
- (c) Bidders shall not be eliminated from detailed evaluation on the basis of minor, non-substantial deviations.

- (d) 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 concurrence.

9. Rejection of Bids

- (a) All bids shall not be rejected and new bids solicited without the Bank's prior concurrence.
- (b) When the number of responsive bids is less than three (3), re-bidding shall not be carried out without the Bank's prior concurrence.

**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>
March 1, 2019	2.17
September 1, 2019	2.22
March 1, 2020	2.28
September 1, 2020	2.34
March 1, 2021	2.40
September 1, 2021	2.46
March 1, 2022	2.52
September 1, 2022	2.58
March 1, 2023	2.64
September 1, 2023	2.71
March 1, 2024	2.78
September 1, 2024	2.85
March 1, 2025	2.92
September 1, 2025	2.99
March 1, 2026	3.07
September 1, 2026	3.14
March 1, 2027	3.22
September 1, 2027	3.30
March 1, 2028	3.38
September 1, 2028	3.47
March 1, 2029	3.56
September 1, 2029	3.65
March 1, 2030	3.74
September 1, 2030	3.83
March 1, 2031	3.93
September 1, 2031	4.02
March 1, 2032	4.12

September 1, 2032	4.23
March 1, 2033	4.33
September 1, 2033	4.44
March 1, 2034	4.71

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:
  - (a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.
  - (b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (“Original Installment Share”) and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.
3.
  - (a) Amounts of the Loan withdrawn within two (2) calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.
  - (b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.
4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its

currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

**APPENDIX****Section I. Definitions**

1. “AIPKI” means the Association of Indonesian Medical Schools, or any successor thereto.
2. “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.
3. “Associations of Health Higher Education Institutions” means any one of the following the associations of health-related professional institutions in Indonesia: AIPKI; the Association of Indonesian Dental Schools (AFDOKGI); the Association of Indonesian Midwifery Schools (AIPKIND); the Association of Indonesian Nursing Schools (AIPNI); and the Association of Teaching Hospitals of Indonesia (ARSPI); and any successor to each thereof; and “Associations of Health Higher Education Institutions” means more than one Association of Health Higher Education Institutions.
4. “Association Memorandum of Agreement” means each memorandum of agreement or understanding to be entered into by the Borrower with an Association of Health Higher Education Institutions for the purposes of Part 1.2(b) of the Project, on terms and conditions acceptable to the Borrower and the Bank in accordance with paragraph 3 of Section I.B of Schedule 2 to this Agreement, on terms and conditions satisfactory to the Borrower and the Bank.
5. “BAN-PT” means *Badan Akreditasi Nasional – Perguruan Tinggi*, the currently existing National Accreditation Agency for Higher Education of the Borrower, and any successor thereto.
6. “BAPPENAS” means the National Development Planning Agency of the Borrower, and any successor thereto.
7. “Better Governance Action Plan” means a stand-alone chapter of the Project Management Manual exclusively dedicated to the Borrower’s anti-corruption action plan, 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, mitigation measures to deal with the risks associated with collusion, forgery and fraud, a complaint handling mechanism, and an appropriate regime of sanctions and remedies.
8. “BHE” means the Board of Higher Education under DGHE, and any successor thereto.

9. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
10. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006.
11. “CPCU” means the central project coordination unit in the DGHE established by Letter (*Surat Keputusan*) Nos.62061 and 62062, dated August 21, 2009 and operating in accordance with to paragraph 3 of Section I.A of Schedule 2 to this Agreement, and any successor thereto.
12. “DGHE” means the Directorate General of Higher Education of MONE, and any successor thereto.
13. “FAP” means each Financial Assistance Package to be provided to a Participating Medical School for a Sub-project for minor civil works, training and workshops, incremental operating costs, research expenditures consultants services and goods, upon completion of preparation and appraisal of said Sub-project, designation of the Participating Medical School in full compliance with the provisions of the Project Management Manual, the FAP Manual and Attachment 2 to Schedule 2 to this Agreement, and execution by the Borrower and the Participating Medical School of a FAP Agreement on terms and conditions acceptable to the Borrower and the Bank; and “FAPs” means more than one FAP.
14. “FAP Agreement” means an agreement entered into between the Borrower and a Participating Medical School for the purposes of a FAP, and in each case meeting the requirements set out in paragraph 2(c) of Attachment 2 to Schedule 2 to this Agreement, in each case on terms and conditions acceptable to the Borrower and the Bank; and “FAP Agreements” means more than one FAP Agreement.
15. “FAP Manual” means the manual, acceptable to the Borrower and the Bank, for FAPs under Part 3 of the Project meeting the requirements of paragraph 1(b) of Section I.B of Schedule 2 to this Agreement and paragraph 1 of Attachment 2 to Schedule 2 to this Agreement, as such manual may be revised from time to time with the agreement of the Borrower and the Bank.
16. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 1, 2005 (as amended through February 12, 2008) with the modifications set forth in Section II of this Appendix.
17. “Health Higher Education Institution” means an institution providing medical, nursing, dentistry and/or midwifery higher education under the regulation of



MONE; and “Health Higher Education Institutions” means more than one Health Higher Education Institution.

18. “KKI” means the Indonesian Medical Council (IMC/KKI), a mandatory council established by law, and any successor thereto.
19. “MOF” means the Ministry of Finance of the Borrower, and any successor thereto.
20. “MOH” means the Ministry of Health of the Borrower, and any successor thereto.
21. “MONE” means the Ministry of National Education of the Borrower, and any successor thereto.
22. “NAA” means the national accreditation agency, or as it may otherwise be named upon its establishment, to be established to provide accreditation of Health Higher Education Institutions under Part 1.1 of the Project, and any successor thereto.
23. “NAA Memorandum of Agreement” means the memorandum of agreement or understanding to be entered into between the Borrower and NAA for the purposes of Part 1 of the Project in accordance with paragraph 2(b) of Section I.B of of Schedule 2 to this Agreement, on terms and conditions satisfactory to the Borrower and the Bank.
24. “NACE HealthPro” means the National Agency for Competency Examination of Health Professionals, or as it may otherwise be named upon its establishment, to be established as an independent examination body to cover medical, dental, nursing, and midwifery graduate examinations under Part 2.1 of the Project.
25. “NACE HealthPro Memorandum of Agreement” means the memorandum of agreement or understanding to be entered into between the Borrower and NACE HealthPro for the purposes of Part 2.1(b) of the Project in accordance with paragraph 5(b) of Section I.B of Schedule 2 to this Agreement.
26. “Participating Medical School” means each medical school which participates in a FAP pursuant to a FAP Agreement.
27. “PIU” means each project implementation unit to be established by each Participating Medical School pursuant to paragraph 4 of Section I.A of Schedule 2 to this Agreement prior to such Participating Medical School entering into a FAP Agreement or receiving a FAP, and “PIUs” means more than one PIU.

28. "Procurement Guidelines" means the "Guidelines: Procurement under IBRD Loans and IDA Credits" published by the Bank in May 2004 and revised in October 2006.
29. "Procurement Plan" means the Borrower's procurement plan for the Project, dated April 30, 2009 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
30. "Professional Association" means any one of the Indonesia Midwives Association (IBI), the Indonesia Medical Association (IDI), the Indonesia Nurses Association (PPNI), and the Indonesia Dentists Association (PDGI), and any successor to each thereof; and "Professional Associations" means more than one Professional Association.
31. "Project Management Manual" means the Project Management Manual meeting the requirements of paragraph 1(a) of Section I.B of Schedule 2 to this Agreement and acceptable to the Borrower and the Bank, as such manual may be revised from time to time with the agreement of the Borrower and the Bank.
32. "Research Program" means each program to support research by an individual or an institution in support of the Project under: (a) Part 1.2(b)(ii) of the Project in accordance with paragraph 4 of Section I.B of Schedule 2 to this Agreement; (b) Part 2.1(b) of the Project in accordance with paragraph 5(c) of Section I.B of Schedule 2 to this Agreement; or (c) Part 3 of the Project in accordance with paragraph 1(b) of Section I.B of Schedule 2 to this Agreement, in each case which is the subject of a Research Program Agreement on terms and conditions acceptable to the Borrower and the Bank t.
33. "Research Program Agreement" means each agreement under: (a) Part 1.2(b)(ii) of the Project in accordance with paragraph (4) of Section I.B of Schedule 2 to this Agreement; (b) Part 2.1(b) of the Project in accordance with paragraph 5(c) of Section I.B of Schedule 2 to this Agreement; or (c) Part 3 of the Project in accordance with paragraph 1(b) of Section I.B of Schedule 2 to this Agreement, in each case on terms and conditions acceptable to the Borrower and the Bank.
34. "Researcher" means an individual or an institution which is eligible to receive proceeds of the Loan for a Research Program and has entered into a Research Program Agreement in accordance with this Agreement.
35. "Scheme A" means " the scheme for providing FAPs to leading Participating Medical Schools in accordance with the provisions of the FAP Manual and Attachment 2 to Schedule 2.

36. “Scheme B” means the scheme for providing FAPs to weak capacity and new Participating Medical School in accordance with the provisions of the FAP Manual and Attachment 2 to Schedule 2.
37. “Scheme C” means the scheme for providing FAPs to moderate capacity Participating Medical Schools in accordance with the provisions of the FAP Manual and Attachment 2 to Schedule 2.
38. “Steering Committee” means the committee established pursuant to Letter (*Surat Keputusan*) Nos. 62063, dated August 21, 2009, and operating as set out in paragraph 1 of Section I.A of Schedule 2 to this Agreement, and any successor thereto.
39. “Sub-project” means the activities for which the Borrower provides a FAP to a Participating Medical School for activities under Part 3 of the Project, and in each case meeting the requirements set out in Attachment 2 to Schedule 2 to this Agreement; and “Sub-projects” means more than one Sub-project.
40. “Technical Committee” means the committee established pursuant to Letter (*Surat Keputusan*) Nos. 62061 and 62062, dated August 21, 2009, and operating as set out in paragraph 2 of Section I.A of Schedule 2 to this Agreement, and any successor thereto

## **Section II. Modifications to the General Conditions**

The modifications to the General Conditions are as follows:

1. Paragraph (1) of Section 7.02 is modified to read as follows:
 

“Section 7.02. *Suspension by the Bank*

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

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

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