

Public Disclosure Authorized

CONFORMED COPY

LOAN NUMBER 7905-ID

Loan Agreement

**(Additional Financing for the Extended Deployment of the Enterprise Resource
Planning System under the Java-Bali Power Sector
Restructuring and Strengthening Project)**

between

REPUBLIC OF INDONESIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated June 23, 2010

Public Disclosure Authorized

LOAN AGREEMENT

AGREEMENT dated June 23, 2010, entered into between the REPUBLIC OF INDONESIA (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”).

This Agreement: (i) sets out the terms and conditions related to the provision of additional financing for the Java-Bali Power Sector Restructuring and Strengthening Project to extend the deployment of the Enterprise Resource Planning System to Sumatra and Sulawesi and strengthen the supporting information technology (“IT”) infrastructure; and (ii) incorporates by reference the relevant provisions of the Loan Agreement between the Borrower and the Bank, dated October 1, 2003 for the Original Project (as hereinafter defined) (designated as Loan No. 4712-IND up to July 5, 2009 and subsequently designated as Loan No. 7758-ID, effective July 6, 2009) (as such agreement has been amended through the restructuring amendment of June 27, 2008 and through the date of this Agreement and may be amended from time to time) (“Original Loan Agreement”).

The Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement. Provisions of the Original Loan Agreement which are incorporated by reference herein constitute an integral part of this Agreement and shall remain in full force and effect notwithstanding the closing date of the Original Loan Agreement, which may occur prior to the Closing Date.

ARTICLE II — LOAN

- 2.01. The Bank agrees to extend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, a loan in the amount of thirty million United States Dollars (US\$30,000,000), 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 Borrower shall pay to the Bank a front-end fee in an amount equal to one quarter of one percent (0.25%) of the amount of the Loan. The Borrower shall pay the Front-end Fee not later than 60 days after the Effective Date.
- 2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to 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 IBRD 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 (d) of the General Conditions.
- 2.05. The Payment Dates are February 1 and August 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 Project. To this end, the Borrower shall cause the Project to be carried out by PT Perusahaan Listrik Negara (“PLN”) in accordance with the provisions of Article IV of the General Conditions and the PLN Project Agreement.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and 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 — REMEDIES OF THE BANK

- 4.01. The Additional Event of Suspension consists of the following: The Project Implementing Entity’s Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.
- 4.02. The Additional Event of Acceleration consists of the following: The event specified in Section 4.01 of this Agreement occurs.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
 - (a) an addendum to the Project Implementation Plan to take into account the activities to be carried out under the Project, in form and substance satisfactory to the Bank, shall have been adopted by the Project Implementing Entity; and
 - (b) the PLN Subsidiary Loan Agreement has been executed on behalf of the Borrower and PLN.
- 5.02. The Additional Legal Matter consists of the following, namely that the PLN Subsidiary Loan Agreement is legally binding upon the Borrower and PLN in accordance with its terms.

- 5.03 The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Borrower's Representative is the Minister of Finance for the Borrower.
- 6.02. The Borrower's Address is:

Ministry of Finance
c/o Directorate General of Debt Management
Jalan Lapangan Banteng Timur 2-4
Jakarta 10710
Indonesia

| | | |
|------------------------------|-----------------------------|---------------|
| Cable: | Telex: | Facsimile: |
| FINMINISTRY 45799 Jakarta | DJMLN-IA 44319 DEPKEU-IA | (21) 381 2859 |

- 6.03. 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: | Telex: | Facsimile: |
| INDEVAS Washington, D.C. | 248423 (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/ Joachim von Amsberg

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to improve the reliability and efficiency of the power system in Java-Bali and strengthen PLN and PGN's management capabilities.

The Project consists of: (a) Part A.3 of the Original Project described in Schedule 2 to the Original Loan Agreement, which is incorporated by reference herein; and (b) the following additional sub-parts:

1. Enterprise Resource Planning Optimization

Preparation of an assessment of PLN's current Enterprise Resource Planning operations and carrying out of recommended systems modifications and business process improvements, including computer software and server upgrades and enhancements, through the provision of related technical assistance and training therefor.

2. Enterprise Resource Planning Support and Capability Building

Support for the expansion of PLN's IT Shared Services Unit, including upgrading of technical skills, and the implementation of improved support tools, through the provision of related technical assistance and training therefor.

3. Expansion to Sumatra and Sulawesi

Implementation in Sumatra and Sulawesi of PLN's business processes improvements supported by the Enterprise Resource Planning operations and carrying out of related analyses, configurations, testing and deployment, through the provision of computer hardware and software and related technical assistance therefor.

4. Disaster Recovery Center and Computer Center Upgrade

Upgrading the Disaster Recovery Center and Computer Center to cover additional capacity requirements resulting from PLN's expanded Enterprise Resource Planning operations deployment to Sumatra and Sulawesi through the provision of related equipment.

5. Customer Care and Billing Assessment

Evaluation of PLN's Customer Care and Meter-to-Cash business processes and technologies.

6. Phase III Supervision Support

Provision of supervision support to PLN for its Phase III activities through the provision of technical assistance related thereto.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Subsidiary Loan Agreement

1. To facilitate the carrying out of the Project, the Borrower shall relend the proceeds of the Loan to PLN in Dollars under the PLN Subsidiary Loan Agreement, in accordance with the regulations of the Borrower, which shall include the following terms and conditions: (a) interest on the principal amount of the PLN Subsidiary Loan Agreement withdrawn and outstanding from time to time in accordance with Section 2.04 of this Agreement plus a maximum of one half of one percent; (b) a front-end fee at the rate specified in Section 2.03 of this Agreement; and (c) repayment over a period consistent with Section 2.06 of this Agreement.
2. The Borrower shall exercise its rights under the PLN Subsidiary Loan Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the PLN Subsidiary Loan Agreement or any of its provisions.

B. 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

The financial management, audit and reporting obligations described in Section 4.01 of the Original Loan Agreement constitutes an integral part of this Agreement and are incorporated by reference herein; provided however, that the words “, and those for the Special Account,” where such words appear in such Section 4.01 are not incorporated by reference herein; and provided that the term “Loan Account” where it appears in such Section 4.01 shall be understood to be a reference to the Loan Account for this Project.

Section III. Procurement

A. General

1. **Goods.** All goods 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. **Information Technology ("IT") Services.** All IT 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.
4. **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 and IT Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods and IT Services.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such method(s) may be used:

| Procurement Method |
|--|
| (a) Direct Contracting |
| (b) National Competitive Bidding, subject to the additional procedures set forth in the Annex to this Schedule |
| (c) Shopping |

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 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:

| Procurement Method |
|--------------------------------------|
| Quality-Based Selection |
| Consultants' Qualification Selection |
| Fixed Budget Selection |
| Least Cost Selection |
| Single Source Selection |
| Selection of Individual Consultants |

D. Review by the Association 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 the 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) Goods | 13,749,000 | 100% |
| (2) Consultants' Services, including training under sub- parts 1, 5, and 6 of the Project | 2,138,000 | 100% |

| | | |
|---|-------------------|------|
| (3) Information Technology Services, including training, under sub-parts 2 and 3 of the Project | 14,113, 000 | 100% |
| TOTAL AMOUNT | 30,000,000 | |

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; and
 - (b) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed \$6,000,000 may be made for payments made prior to this date but on or after January 1, 2010 for Eligible Expenditures under Categories (1), (2), and (3).
2. The Closing Date is December 31, 2013.

ANNEX to Schedule 2

National Competitive Bidding Procedures

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 Procurement 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

(c) 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.

| Principal Payment Date | Installment Share (Expressed as a Percentage) |
|-------------------------------|--|
| August 1, 2019 | 2.17% |
| February 1, 2020 | 2.22% |
| August 1, 2020 | 2.28% |
| February 1, 2021 | 2.34% |
| August 1, 2021 | 2.40% |
| February 1, 2022 | 2.46% |
| August 1, 2022 | 2.52% |
| February 1, 2023 | 2.58% |
| August 1, 2023 | 2.64% |
| February 1, 2024 | 2.71% |
| August 1, 2024 | 2.78% |
| February 1, 2025 | 2.85% |
| August 1, 2025 | 2.92% |
| February 1, 2026 | 2.99% |
| August 1, 2026 | 3.07% |
| February 1, 2027 | 3.14% |
| August 1, 2027 | 3.22% |
| February 1, 2028 | 3.30% |
| August 1, 2028 | 3.38% |
| February 1, 2029 | 3.47% |
| August 1, 2029 | 3.56% |
| February 1, 2030 | 3.65% |
| August 1, 2030 | 3.74% |
| February 1, 2031 | 3.83% |
| August 1, 2031 | 3.93% |
| February 1, 2032 | 4.02% |

| | |
|------------------|-------|
| August1, 2032 | 4.12% |
| February 1, 2033 | 4.23% |
| August1, 2033 | 4.33% |
| February 1, 2034 | 4.44% |
| August 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 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. Application of Definitions to the Original Loan Agreement.

1. The definitions described in paragraphs (b), (c), (d) and (n) of Section 1.02 of the Original Loan Agreement constitute an integral part of this Agreement, are incorporated by reference herein.

Section II. Additional Definitions Applicable to this Agreement

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.
2. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
3. “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.
4. “Fiscal Year” and FY means the Borrower’s fiscal year commencing January 1 and ending December 31.
5. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 1, 2005 (as amended through February 12, 2008).
6. “Governance and Accountability Framework” means the framework adopted by PLN and referred to in Section I.D of the PLN Project Agreement, entered into between the Bank and the Project Implementing Entity of even date herewith, which framework describes the actions to be undertaken by PLN to reinforce Project governance, enhance transparency of Project activities, increase public accountability, and reduce opportunities for corruption, fraud or collusion, as said framework may be amended from time to time with the approval of the Bank.
7. “Implementation Team” means the implementation team established and maintained by the Project Implementing Entity (as hereinafter defined) to deploy the ERP system to Sumatra and Sulawesi and referred to in paragraph A.2 of Section I of the Schedule to the Project Agreement, or any successor thereto.
8. “Information Technology Shared Services Unit” means the unit established and maintained by the Project Implementing Entity (as hereinafter defined) to provide information technology maintenance and support to the Enterprise Resource

Planning users of the Project Implementing Entity, and referred to in paragraph A.2 of Section I of the Schedule to the Project Agreement, or any successor thereto.

9. “Loan” means the loan provided for in this Agreement.
10. “Loan Agreement” means this Agreement.
11. “Original Loan” means the loan in the amount of one hundred forty one million Dollars (\$141,000,000) (designated as Loan No. 4712-IND up to July 5, 2009 and subsequently designated as Loan No. 7758-ID, effective July 6, 2009) made available to the Borrower pursuant to the Original Loan Agreement (as hereinafter defined).
12. “Original Loan Agreement” means the loan agreement (designated as Loan No. 4712-IND up to July 5, 2009 and subsequently designated as Loan No. 7758-ID, effective July 6, 2009), dated October 1, 2003 for the Java-Bali Power Sector Restructuring and Strengthening Project between the Borrower and the Bank, as such agreement has been amended and may be amended from time to time.
13. “Original PLN Project Agreement” means the PLN Project Agreement (designated as Loan No. 4712-IND up to July 5, 2009 and subsequently designated as Loan No. 7758-ID, effective July 6, 2009), dated October 1, 2003 for the Java-Bali Power Sector Restructuring and Strengthening Project between the Bank and PT Perusahaan Listrik Negara, as such agreement has been amended and may be amended from time to time.
14. “Original Project” means the Project described in the Original Loan Agreement.
15. “PLN Project Implementation Unit” means the unit established by PLN President Director Decree No. 134.K/010/DIR 2002 of September 18, 2002, and re-established by PLN Vice President Director Decree No. 187 K/DIR/2009 of July 15, 2009, for purposes of coordinating the implementation of Part A of the Original Project and the Project, or any successor thereto.
16. “PLN Subsidiary Loan Agreement” means the agreement meeting the conditions set out in Section I.A of Schedule 2 to this Agreement pursuant to which the Borrower shall make the proceeds of the Loan available to PLN, as the same may be amended from time to time, and such term includes all schedules to the PLN Subsidiary Loan Agreement.
17. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May, 2004 and revised in October, 2006.

18. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated December 3, 2009 and revised on April 12, 2010 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.
19. “Project Implementing Entity” means PT Perusahaan Listrik Negara (or its acronym “PLN”), or any successor thereto.
20. “Project Implementing Entity’s Legislation” means PLN Governing Laws as described in subparagraph (k) of Section 1.02 of the Original Loan Agreement.
21. “Project Implementation Plan” means the Project Implementing Entity’s project implementation plan for the Original Project adopted by the Project Implementation Unit on July 7, 2004, as amended and/or updated from time to time with the agreement of the Project Implementing Entity and the Bank.

Section III. Modification to General Conditions

The modifications to the General Conditions are as follows:

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

“Section 7.02. *Suspension by the Bank*

... (l) *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.”