

CONFORMED COPY

LOAN NUMBER 3302 IND

(Provincial Irrigated Agriculture Development Project)

between

REPUBLIC OF INDONESIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated May 3, 1991

LOAN NUMBER 3302 IND

LOAN AGREEMENT

AGREEMENT, dated May 3, 1991, between REPUBLIC OF INDONESIA (the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

WHEREAS the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, has requested the Bank to assist in the financing of the Project;

WHEREAS the Bank has agreed, on the basis, inter alia, of the foregoing, to extend the Loan to the Borrower upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Loan and

Guarantee Agreements" of the Bank, dated January 1, 1985, with the last sentence of Section 3.02 deleted (the General Conditions) constitute an integral part of this Agreement.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "Additional Irrigation Scheme" means an irrigation scheme located in the Project Area which conforms with technical, economic and environmental criteria satisfactory to the Bank, and which the Borrower has selected to be financed under the Loan, with the prior concurrence of the Bank;

(b) "Annual Provincial Project Work Program" means each of the annual coordinated work programs referred to in paragraph 5 of Schedule 5 to this Agreement;

(c) "Bank Indonesia" means the Borrower's central bank;

(d) "BAPPEDA" means the Borrower's Provincial Development Planning Agencies in the Project Area;

(e) "BAPPENAS" means the Borrower's National Development Planning Agency;

(f) "BPN" means the Borrower's Badan Pertanahan Nasional (National Land Board);

(g) "Deferred Irrigation Scheme" means any of the irrigation schemes listed in Section II of the Annex to Schedule 2 to this Agreement;

(h) "DGFCFA" means the Directorate General of Food Crops Agriculture in MOA;

(i) "DGRLR" means the Directorate General of Reforestation and Land Rehabilitation in MOF;

(j) "DGWRD" means the Directorate General of Water Resources Development in the Borrower's Ministry of Public Works;

(k) "efficient operation and maintenance" means those operation and maintenance activities of a routine nature, necessary to provide the planned service to water users and to fully maintain the system (without separate rehabilitation or upgrading programs) in a condition to function as planned on into the future;

(l) "First Project Preparation Advance" means the project preparation advance granted by the Bank to the Borrower pursuant to an exchange of letters dated January 13, 1990 and March 22, 1990, between the Borrower and the Bank;

(m) "Fiscal Year" and the acronym "FY" mean the Borrower's fiscal year beginning April 1 and ending March 31;

(n) "Go-Ahead Irrigation Scheme" means any of the irrigation schemes listed in Section I of the Annex to Schedule 2 to this Agreement;

(o) "MOA" means the Borrower's Ministry of Agriculture;

(p) "MOF" means the Borrower's Ministry of Forestry;

(q) "MOT" means the Borrower's Ministry of Transmigration;

(r) "PRAS" means the Borrower's Provincial Agriculture Services in the Project Area;

(s) "PRFS" means the Borrower's Provincial Forestry Services in the Project Area;

(t) "PRIS" means the Borrower's Provincial Water Resources

Services in the Project Area:

(u) "Project Area" means the area comprising the respective areas of each Sub-project located in the Borrower's provinces of Aceh, Riau, Lampung, Bengkulu, West Sumatra, South Sumatra, West Kalimantan, Central Kalimantan, South Kalimantan, North Sulawesi, Central Sulawesi, South Sulawesi, and South East Sulawesi;

(v) "Second Project Preparation Advance" means the project preparation advance granted by the Bank to the Borrower pursuant to an exchange of letters dated August 15, 1990 and December 18, 1990, between the Borrower and the Bank;

(w) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement; and

(x) "Sub-project" means each Go-Ahead Irrigation Scheme, Deferred Irrigation Scheme and Additional Irrigation Scheme.

ARTICLE II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Loan Agreement, various currencies that shall have an aggregate value equivalent to the amount of one hundred twenty-five million dollars (\$125,000,000), being the sum of withdrawals of the proceeds of the Loan, with each withdrawal valued by the Bank as of the date of such withdrawal.

Section 2.02. (a) The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Loan.

(b) The Borrower shall, for the purposes of the Project, open and maintain in dollar a special deposit account in Bank Indonesia on terms and conditions satisfactory to the Bank. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 6 to this Agreement.

(c) Promptly after the Effective Date, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amount required to repay the principal amount of the First and Second Preparation Advance withdrawn and outstanding as of such date and to pay all unpaid charges thereon. The unwithdrawn balance of the authorized amount of the First and Second Project Preparation Advance shall thereupon be cancelled.

Section 2.03. The Closing Date shall be December 31, 1996, or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower of such later date.

Section 2.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one percent ($3/4$ of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.05. (a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Interest Period equal to the Cost of Qualified Borrowings determined in respect of the preceding Semester, plus one-half of one percent ($1/2$ of 1%). On each of the dates specified in Section 2.06 of this Agreement, the Borrower shall pay interest accrued on the principal amount outstanding during the preceding Interest Period, calculated at the rate applicable during such Interest Period.

(b) As soon as practicable after the end of each Semester, the Bank shall notify the Borrower of the Cost of Qualified Borrowings determined in respect of such Semester.

(c) For the purposes of this Section:

(i) "Interest Period" means a six-month period ending on the date immediately preceding each date specified in Section 2.06 of this Agreement, beginning with the Interest Period in which this Agreement is signed.

(ii) "Cost of Qualified Borrowings" means the cost, as reasonably determined by the Bank and expressed as a percentage per annum, of the outstanding borrowings of the Bank drawn down after June 30, 1982, excluding such borrowings or portions thereof as the Bank has allocated to fund: (A) the Bank's investments; and (B) loans which may be made by the Bank after July 1, 1989 bearing interest rates determined otherwise than as provided in paragraph (a) of this Section.

(iii) "Semester" means the first six months or the second six months of a calendar year.

(d) On such date as the Bank may specify by no less than six months' notice to the Borrower, paragraphs (a), (b) and (c) (iii) of this Section shall be amended to read as follows:

"(a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Quarter equal to the Cost of Qualified Borrowings determined in respect of the preceding Quarter, plus one-half of one percent (1/2 of 1%). On each of the dates specified in Section 2.06 of this Agreement, the Borrower shall pay interest accrued on the principal amount outstanding during the preceding Interest Period, calculated at the rates applicable during such Interest Period."

"(b) As soon as practicable after the end of each Quarter, the Bank shall notify the Borrower of the Cost of Qualified Borrowings determined in respect of such Quarter."

"(c) (iii) 'Quarter' means a three-month period commencing on January 1, April 1, July 1 or October 1 in a calendar year."

Section 2.06. Interest and other charges shall be payable semi-annually on June 15 and December 15 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Loan in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, shall carry out Part A of the Project through DGWRD, DGFCFA, PRAS and PRIS, Part B of the Project through DGWRD and PRIS, Parts C and D of the Project through DGFCFA and PRAS, Part E of the Project through BPN, Part F of the Project through DGRLR and PRFS, Part G of the Project through MOT, Part H of the Project through BAPPEDA, PRAS and PRIS, and Part I of the Project through DGWRD, with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering, agricultural and environmental practices, standards and criteria,

and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Borrower and the Bank shall otherwise agree, the Borrower shall carry out the Project in accordance with the Implementation Program set forth in Schedule 5 to this Agreement.

Section 3.02. Except as the Bank shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 4 to this Agreement.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall maintain or cause to be maintained records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of the Project of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

(b) The Borrower shall:

- (i) have the records and accounts referred to in paragraph (a) of this Section including those for the Special Account for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank;
- (ii) furnish to the Bank as soon as available, but in any case not later than nine months after the end of each such year the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested; and
- (iii) furnish to the Bank such other information concerning said records and accounts and the audit thereof as the Bank shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Loan Account were made on the basis of statements of expenditure, the Borrower shall:

- (i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;
- (ii) retain, until at least one year after the Bank has received the audit report for the fiscal year in which the last withdrawal from the Loan Account or payment out of the Special Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Bank's representatives to examine such records; and
- (iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be

relied upon to support the related withdrawals.

ARTICLE V

Termination

Section 5.01. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VI

Representative of the Borrower; Addresses

Section 6.01. The Minister of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Ministry of Finance
c/o Director General of Budget
Jalan Lapangan Banteng Timur 2-4
Jakarta, Indonesia

Cable address:

MINISTRY FINANCE
Jakarta

Telex:

DJMLN JKT 45799
DITJMON JKT 46415
DEPKEU JKT 44319

For the Bank:

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

Cable address:

INTBAFRAD
Washington, D.C.

Telex:

248423 (RCA)
82987 (FTCC)
64145 (WUI) or
197688 (TRT)

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF INDONESIA

By /s/ Abdul Rachman Ramly
Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ A. Karaosmanoglu
Regional Vice President

SCHEDULE 1

Withdrawal of the Proceeds of the Loan

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Loan, the allocation of the amounts of the Loan to each Category and the percentage of expenditures for items so to be financed in each Category:

Category	Amount of the Loan Allocated (Expressed in Dollar Equivalent)	% of Expenditures to be Financed
(1) Services under Part A of the Project	4,000,000	91%
(2) Civil works under Part B of the Project	55,500,000	60%
(3) Civil works under Part C of the Project	23,300,000	80%
(4) Civil works and services under Part D of the Project	1,700,000	91%
(5) Services under Part E of the Project	10,500,000	91%
Category	Amount of the Loan Allocated (Expressed in Dollar Equivalent)	% of Expenditures to be Financed
(6) Services under Part F of the Project	600,000	100%
(7) Civil works and services under Part G of the Project, excluding land acquisition and compensation	6,500,000	80%
(8) Institutional support services and training under Part H of the Project	2,500,000	100%
(9) Consultants' services under Part I of the Project	9,700,000	100%
(10) Equipment and materials under Parts A, B, C, D, E and H of the Project	1,500,000	100% of foreign expenditures, 95% of local expenditures (excluding factory costs) and 65% of local expenditures for other items

procured locally

Categories	Dollar	Amount of the Loan Allocated (Expressed in Equivalent)	% of Expenditures to be Financed
(11) Refunding of First Project Preparation Advance		500,000	Amount due pursuant to Section 2.02 (c) of this Agreement
(12) Refunding of Second Project Preparation Advance		750,000	Amount due pursuant to Section 2.02 (c) of this Agreement
(13) Unallocated		7,950,000	
TOTAL		125,000,000 =====	

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower; and

(b) the term "local expenditures" means expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for:

(a) expenditures prior to the date of this Agreement, except that withdrawals, in an aggregate amount not to exceed \$2,500,000, may be made on account of payments made for expenditures before that date but after August 1, 1990;

(b) unless the Bank shall otherwise agree, expenditures in respect of Categories (2), (3), (4), (5), (6), (7) and (10) for all Sub-projects in each of the Borrower's Provinces in the Project Area:

(i) after June 30, 1992, until the Bank has received evidence satisfactory to the Bank that the Borrower has made budgetary allocations for FY 1992/93, which provide financing to implement the respective Annual Provincial Project Work Program agreed between the Borrower and the Bank;

(ii) after June 30, 1993, until the Bank has received evidence satisfactory to the Bank that the Borrower has made budgetary allocations for FY 1993/94, which provide financing to implement the respective Annual Provincial Project Work Program agreed between the Borrower and the Bank;

(iii) after June 30, 1994, until the Bank has received evidence satisfactory to the Bank that the Borrower has made budgetary allocations for FY 1994/95, which provide financing to implement the respective Annual Provincial Project Work Program agreed between the Borrower and the Bank;

- (iv) after June 30, 1995, until the Bank has received evidence satisfactory to the Bank that the Borrower has made budgetary allocations for FY 1995/96, which provide financing to implement the respective Annual Provincial Project Work Program agreed between the Borrower and the Bank; and
 - (v) after June 30, 1996, until the Bank has received evidence satisfactory to the Bank that the Borrower has made budgetary allocations for FY 1996/97, which provide financing to implement the respective Annual Provincial Project Work Program agreed between the Borrower and the Bank;
- (c) expenditures in respect of Categories (2), (3), (4), (5), (6), (7) and (10) for any given Deferred Irrigation Scheme, until the Bank has approved the implementation of such Scheme for financing under the Project;
- (d) expenditures in respect of Categories (1) through (10) for any given Additional Irrigation Scheme, until the Bank has approved the inclusion of such Scheme for financing under the Project; and
- (e) unless the Bank shall otherwise agree, expenditures in respect of Category (2):
- (i) after June 30, 1992, until the Bank has received evidence satisfactory to the Bank that the Borrower: (A) has made budgetary allocations for FY 1992/93 which (1) maintain in real terms financing for nation-wide irrigation operation and maintenance at the FY 1990/91 level, and (2) provide incremental funding needed for efficient operation and maintenance; and (B) during FY 1991/92, has made actual expenditures for items covered in (e) (i) (A) (1) and (2) above, satisfactory to the Bank;
 - (ii) after June 30, 1993, until the Bank has received evidence satisfactory to the Bank that the Borrower: (A) has made budgetary allocations for FY 1993/94 which (1) maintain in real terms financing for nation-wide irrigation operation and maintenance at the FY 1990/91 level, and (2) provide incremental funding needed for efficient operation and maintenance; and (B) during FY 1992/93, has made actual expenditures for items covered in (e) (ii) (A) (1) and (2) above, satisfactory to the Bank;
 - (iii) after June 30, 1994, until the Bank has received evidence satisfactory to the Bank that the Borrower: (A) has made budgetary allocations for FY 1994/95 which (1) maintain in real terms financing for nation-wide irrigation operation and maintenance at the FY 1990/91 level, and (2) provide incremental funding needed for efficient operation and maintenance; and (B) during FY 1992/93, has made actual expenditures for items covered in (e) (iii) (A) (1) and (2) above, satisfactory to the Bank;
 - (iv) after June 30, 1995, until the Bank has received evidence satisfactory to the Bank that the Borrower: (A) has made budgetary allocations for FY 1995/96 which (1) maintain in real terms financing for nation-wide irrigation operation and maintenance at the FY 1990/91 level, and (2) provide incremental funding needed for efficient operation and maintenance; and (B) during

FY 1993/94, has made actual expenditures for items covered in (e) (iv) (A) (1) and (2) above, satisfactory to the Bank; and

- (v) after June 30, 1996 until the Bank has received evidence satisfactory to the Bank that the Borrower: (A) has made budgetary allocations for FY 1996/97 which (1) maintain in real terms financing for nation-wide irrigation operation and maintenance at the FY 1990/91 level, and (2) provide incremental funding needed for efficient operation and maintenance; and (B) during FY 1995/96, has made actual expenditures for items covered in (e) (v) (A) (1) and (2) above, satisfactory to the Bank.

SCHEDULE 2

Description of the Project

The objectives of the Project are to support the Borrower's efforts to (i) achieve the potential benefits from the irrigation schemes in the Project Area through, inter alia, completion and development of such irrigation schemes, and (ii) strengthen the institutional capacity and coordination of irrigated agricultural development in the Project Area.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Bank may agree upon from time to time to achieve such objectives:

Part A: Surveys, Investigations and Design

1. Determination of the command area, scope and the technical, economic and environmental viability of each Sub-project through the carrying out of surveys and investigations of (i) physical resources, including water quality and availability, soils, land capability and environmental assessment, and (ii) socio-economic factors, including land ownership and compensation, and land settlement requirements.

2. Carrying out of designs for Parts B and C of the Project.

Part B: Completion of Irrigation Works

1. Completion of the On-going Irrigation Schemes as designed, including: (i) completion of irrigation and drainage systems (including some secondary canals and tertiaries); (ii) completion of control and measuring structures; (iii) completion of maintenance and access roads; (iv) construction of buildings; and (v) minor rehabilitation of existing infrastructure (river diversion structures and irrigation main canals and drainage channels).

2. Carrying out of activities related to the operation and maintenance of the Sub-projects up to their completion.

Part C: Land Clearance and Development

Carrying out, in the Project Area, of: (i) land clearance, including de-stumping; and (ii) land development, including leveling to form terraced fields suitable for rice cultivation (sawah).

Part D: Agricultural Development

Carrying out of various agricultural development activities in the Project Area, including: (i) construction of facilities and provision of transportation and equipment for agricultural extension services; (ii) seed multiplication programs; (iii) agronomic and crop trials; and (iv) training of farmers groups in agricultural development activities.

Part E: Land Titling and Certification

Carrying out of land titling activities in each Sub-project, including (i) cadastral and land use surveys, and (ii) land certification and issuance of titles.

Part F: Environmental Protection

1. Development of a comprehensive data base for a long term environmental action program in the Project Area, including: (i) a forest inventory survey prior to land clearance; (ii) a forest boundary survey to define categories of forest areas surrounding irrigation command areas; and (iii) surveys of land use in the catchment areas of the Sub-projects.

2. Carrying out of (i) an independent supervision of logging during land clearance, and (ii) the design of soil erosion control works and activities.

Part G: Settlements

For Sub-projects where settlement is necessary:

(i) provision of farm and homestead holdings; (ii) carrying out of land surveys, land consolidation and land clearance; (iii) construction of housing, access roads, and other public infrastructure; (iv) transportation of settlers; and (v) carrying out of initial agricultural development activities within the Sub-projects.

Part H: Institutional Support Services

Strengthening of the Borrower's provincial agencies' capabilities, in the Project Area, in: (i) planning and program design; (ii) project and diagnostic analysis; and (iii) institutional coordination through provision of office space and equipment, and training in project analysis of one BAPPEDA staff, one PRAS staff, and one PRIS staff in each province included in the Project Area.

Part I: Technical Assistance

Provision of technical assistance (i) for supervision of coordinated Project implementation, and (ii) on technical issues relating to the Sub-projects.

* * *

The Project is expected to be completed by June 30, 1996.

ANNEX

Section I: Go-Ahead Irrigation Schemes

Province	Scheme Name
RIAU	Kaiti Samo Danau Kotorajo Pauh Pangean Seberang Gunung
WEST SUMATRA	Indrapura Suliti Bandar Sangkir Batu Palano Sungei Betung Bandar Tanjung Bandar Sawah Padang
BENGKULU	Air Nasal Kiri Air Kedurang Air Talo Kecil

	Air Bengkenang
LAMPUNG	Way Kulur Way Jerinjing
NORTH SULAWESI	Pilohayanga Marisa Kembang Merta Buko
CENTRAL SULAWESI	Borone Bangga Parigi Kanan Sibayu
Province	Scheme Name
SOUTH SULAWESI	Lakejo Leang Longrong Camba Jawaya Biang Keke V
SOUTH EAST SULAWESI	Wololu Watubangga Andowengga Wonco III Katangana

Section II: Deferred Irrigation Schemes

Province	Scheme
ACEH	Trienggading Alue Ubay Pandrah
RIAU	Nagedang Doranan Mantaro Sei Tambang
WEST SUMATRA	Batang Sangki II Sungei Aro Bandar Panjang Kayu Bakicuik Batang Bawan Batang Tingkaran Lubuk Tabuan Sungei Samek Air Amo Talang Kemuning Batang Mimpi Sitiung II
Province	Scheme Name
LAMPUNG	Way Tulung Mas Way Ketibung Way Curup Way Umpu Way Rarem Way Pengubuan Way Semangka

Way Padang Ratu
Way Nagara Ratu

SOUTH SUMATRA

Bumi Agung
Air Deras I
Megang Tingkip
Air Gilas
Alun Dua
Air Gegas
Air Satan
Air Malus I
Kesie (I)
Kesie (II)
Air Tupak
Air Tak Berikan
Air Deras II
Air Kenie

BENGKULU

Muko-Muko Kiri
Air Susup Kanan
Air Semumai Deras
Air Musi Kejalo
Air Ketepang
Air Nasal Kanan
Air Nanto
Air Baes Ketenong
Air Seluma
Air Lais

Province

Scheme Name

NORTH SULAWESI

Didingga
Tongop
Pontak
Sulu Paslaten
Toraut
Bongo
Pulahenti
Pinogaluman

SOUTH SULAWESI

Aparang Hulu
Padang Sappa
Sadang
Maloso
Kaleana Kanan
Kaleana Kiri
Sanrego

CENTRAL SULAWESI

Bunta I
Tompe
Sausu Hulu
Puna Kiri
Lambunu
Olaya
Korontua
Olonjonge
Dolago
Torue
Andolea
Malonas
Tambarana
Gumbasa

Province

Scheme Name

SOUTH EAST SULAWESI

Sonay

Baito
 Danamulya
 Simbume Bawah
 Taobonto
 Poleang
 Roraya
 Mowila I
 Mowila II

WEST KALIMANTAN

Sanggau Ledo
 Merowi

CENTRAL KALIMANTAN

Talohen
 Trinsing

SOUTH KALIMANTAN

Batulicin I

SCHEDULE 3

Amortization Schedule

Date Payment Due	Payment of Principal (expressed in dollars)*
December 15, 1996	2,280,000
June 15, 1997	2,370,000
December 15, 1997	2,460,000
June 15, 1998	2,555,000
December 15, 1998	2,655,000
June 15, 1999	2,755,000
December 15, 1999	2,860,000
June 15, 2000	2,975,000
December 15, 2000	3,085,000
June 15, 2001	3,205,000
December 15, 2001	3,330,000
June 15, 2002	3,460,000
December 15, 2002	3,595,000
June 15, 2003	3,730,000
December 15, 2003	3,875,000
June 15, 2004	4,025,000
December 15, 2004	4,180,000
June 15, 2005	4,345,000
December 15, 2005	4,510,000
June 15, 2006	4,685,000
December 15, 2006	4,865,000
June 15, 2007	5,055,000
December 15, 2007	5,250,000
June 15, 2008	5,455,000
December 15, 2008	5,665,000
June 15, 2009	5,885,000
December 15, 2009	6,110,000
June 15, 2010	6,345,000
December 15, 2010	6,590,000
June 15, 2011	6,845,000

* The figures in this column represent dollar equivalents determined as of the respective dates of withdrawal. See General Conditions, Sections 3.04 and 4.03.

Premiums on Prepayment

Pursuant to Section 3.04 (b) of the General Conditions, the premium payable on the principal amount of any maturity of the Loan to be prepaid shall be the percentage specified for the applicable time of prepayment below:

Time of Prepayment	Premium
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The interest rate (expressed as a percentage per annum) applicable to the Loan on the day of prepayment multiplied by:

Not more than three years before maturity	0.15
More than three years but not more than six years before maturity	0.30
More than six years but not more than 11 years before maturity	0.55
More than 11 years but not more than 16 years before maturity	0.80
More than 16 years but not more than 18 years before maturity	0.90
More than 18 years before maturity	1.00

SCHEDULE 4

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: International Competitive Bidding

Except as provided in Part D hereof, goods and works shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1985 (the Guidelines).

Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A hereof, goods manufactured in Indonesia may be granted a margin of preference in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraphs 1 through 4 of Appendix 2 thereto.

Part C: Preference for Domestic Contractors

In the procurement of works in accordance with the procedures described in Part A hereof, the Borrower may grant a margin of preference to domestic contractors in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraph 5 of Appendix 2 thereto.

Part D: Other Procurement Procedures

1. Survey, investigation and design services may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Bank; provided, however, that such services may, up to an aggregate amount equivalent to \$1,800,000, be carried out by force account.

2. Irrigation civil works estimated to cost the equivalent of \$3,000,000 or less per contract, up to an aggregate amount equivalent to \$92,100,000, may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Bank.

3. Land clearance and development works may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Bank.

4. Cadastral and land use surveys may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Bank.

5. Land titling and certification services may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Bank; provided, however, that such services may, up to an aggregate amount equivalent to \$2,400,000, be carried out by force account.

6. Agricultural development works and services may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Bank; provided, however, that such works and services may, up to an aggregate amount equivalent to \$900,000, be carried out by force account.

7. Settlement works may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Bank; provided, however, that such works may, up to an aggregate amount equivalent to \$1,200,000, be carried out by force account.

8. Equipment and materials estimated to cost the equivalent of \$200,000 or less per contract, up to an aggregate amount equivalent to \$1,700,000, may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Bank; provided, however, that such contracts may, up to an aggregate amount equivalent to \$400,000, be awarded on the basis of comparison of price quotations obtained from at least three suppliers eligible under the Guidelines, in accordance with procedures satisfactory to the Bank.

9. Works and activities for environmental protection and institutional support may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Bank or may be carried out by force account.

Part E: Review by the Bank of Procurement Decisions

1. Review of invitations to bid and of proposed awards and final contracts:

(a) With respect to each contract: (i) procured in accordance with the procedures described in Part A of this Schedule; (ii) for equipment and materials estimated to cost the equivalent of \$200,000 or more; and (iii) for works estimated to cost the equivalent of \$1,000,000 or more, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Bank pursuant to said paragraph 2 (d) shall be furnished to the Bank prior to the making of the first payment out of the Special Account in respect of such contract.

(b) With respect to each contract not governed by the preceding paragraph, the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, said procedures shall be modified to ensure that the two conformed copies of the contract together with the other information required to be furnished to the Bank pursuant to said paragraph 3 shall be furnished to the Bank as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 6 to this Agreement.

(c) The provisions of the preceding subparagraph (b) shall not apply to contracts on account of which the Bank has authorized withdrawals on the basis of statements of expenditure.

2. The figure of 15% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

Section II. Employment of Consultants

In order to assist the Borrower in carrying out Part I of the Project, the Borrower shall, by August 15, 1991, or such other date as the Bank may so agree, employ consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Bank. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Bank on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981.

SCHEDULE 5

Implementation Program

1. The Borrower shall, without limitation upon the provisions of Section 3.01 (a) of this Agreement, and except as the Borrower and the Bank shall otherwise agree, implement and commission each of the Go-Ahead Irrigation Schemes, and select, implement and commission each of the Deferred Irrigation Schemes and Additional Irrigation Schemes, in accordance with procedures and criteria agreed with the Bank; provided, however, that, for all Additional Irrigation Schemes and Deferred Irrigation Schemes, the Borrower shall cause DGWRD to undertake environmental assessments, satisfactory to the Bank, as part of the selection process; and provided further, that the Borrower shall take necessary steps to ensure that DGWRD and the Irrigation Development Division of the respective PRIS shall give responsibility for the operation and maintenance of the irrigation schemes under each Sub-project to the Operation and Maintenance Division of the respective PRIS or the farmers-beneficiaries, as the case may be, only after the respective Sub-project has been commissioned pursuant to the provisions of this paragraph.
2. The Borrower shall cause DGWRD and PRIS to: (i) collect and analyze sufficient hydrologic and climatic data to provide a continuous and reliable basis for assessing irrigation water availability and allocation for each Sub-project; and (ii) not undertake any additional development of a Sub-project nor any expansion of the Sub-project command area, until the Sub-project has been fully completed and developed in a manner satisfactory to the Bank.
3. The Borrower shall cause MOF and DGWRD to classify the catchment areas of each Sub-project as Protection Forests. For purposes of this paragraph the term "Protection Forests" means state forest land which is retained in its natural state so as to improve water conservation, prevent flooding and soil erosion, and maintain soil fertility.
4. The Borrower shall cause MOA, through DGFCFA, to provide appropriate and timely staffing, facilities, services and the other resources required to carry out agricultural extension satisfactory to the Bank throughout the Project Area.
5. The Borrower shall furnish, or cause to be furnished, to the Bank for its review and comments, for each province in the Project Area: (i) not later than June 30 of each year, commencing on June 30, 1992, until the completion of the Project, coordinated work programs and cost estimates for the following Fiscal Year; and (ii) not later than September 30 of each year, commencing on September 30, 1991, until the completion of the Project, a coordinated annual budget proposal for the agreed work programs for the following Fiscal Year.
6. The Borrower shall, for the duration of the Project, through BAPPENAS, undertake the overall coordination of the activities under the Project, in a manner satisfactory to the Bank.

7. The Borrower shall, for the duration of the Project, through each BAPPEDA, undertake the coordination of the activities under the Project to be carried out within their respective jurisdiction, in a manner satisfactory to the Bank.

8. The Borrower shall cause each of its agencies and departments carrying out the Project or any part thereof to monitor and evaluate all Project activities and performance according to standards and criteria satisfactory to the Bank.

SCHEDULE 6

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means all the Categories set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Loan allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount equivalent to \$7,000,000 to be withdrawn from the Loan Account and deposited in the Special Account pursuant to paragraph 3 (a) of this Schedule.

2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Bank has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Bank a request or requests for a deposit or deposits which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit in the Special Account such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of the Special Account, the Borrower shall furnish to the Bank requests for deposits into the Special Account at such intervals as the Bank shall specify.

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Bank the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures.

All such deposits shall be withdrawn by the Bank from the Loan Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the Special Account, the Borrower shall, at such time as the Bank shall reasonably request, furnish to the Bank such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Bank shall not be required to make further deposits into the Special Account:

(a) if, at any time, the Bank shall have determined that all further withdrawals should be made by the Borrower directly from the Loan Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement; or

(b) once the total unwithdrawn amount of the Loan allocated to the eligible Categories, less the amount of any outstanding special commitment entered into by the Bank pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the Loan Account of the remaining unwithdrawn amount of the Loan allocated to the eligible Categories shall follow such procedures as the Bank shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Bank shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Bank shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; (ii) was not justified by the evidence furnished to the Bank, the Borrower shall, promptly upon notice from the Bank: (A) provide such additional evidence as the Bank may request; or (B) deposit into the Special Account (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Bank shall otherwise agree, no further deposit by the Bank into the Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Bank shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the Bank, refund to the Bank such outstanding amount.

(c) The Borrower may, upon notice to the Bank, refund to the Bank all or any portion of the funds on deposit in the Special Account.

(d) Refunds to the Bank made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Loan Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

