

CONFORMED COPY

JAPANESE GRANT RELATED TO LOAN NUMBER 3041 IND

(Small and Medium Industrial Enterprise Project)

between

REPUBLIC OF INDONESIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

as Administrator of Grant Funds  
provided by the  
GOVERNMENT OF JAPAN

Dated June 1, 1989

JAPANESE GRANT NUMBER 3041 IND

JAPANESE GRANT AGREEMENT

AGREEMENT, dated June 1, 1989, between the REPUBLIC OF INDONESIA (the Recipient) and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank) acting as Administrator (the Administrator) of grant funds provided by the GOVERNMENT OF JAPAN (Japan).

WHEREAS (A) pursuant to a Loan Agreement (Small and Medium Industrial Enterprise Project), dated June 1, 1989, between the Recipient and the Bank (the Loan Agreement), the Bank has agreed to extend to the Recipient a loan in an amount in various currencies equivalent to one hundred million dollars (\$100,000,000) to assist in the financing of the Project described in Schedule 2 to the Loan Agreement (the Project);

WHEREAS (B) pursuant to a letter agreement dated June 3, 1987, between Japan and the Bank, Japan has requested the Bank,

and the Bank has agreed, to administer grant funds to be made available by Japan for the financing of certain programs and projects supported by the Bank in accordance with the provisions of such letter agreement;

WHEREAS (C) Japan has agreed to make available to the Recipient a grant (the Grant) out of said grant funds to assist the Recipient in carrying out Part B of the Project, except for Parts B (i) (2) and B (i) (3), on the terms and conditions hereinafter set forth;

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, (the General Conditions) constitute an integral part of this Agreement, subject, however, to the following modifications thereto:

(a) the term "Bank", wherever used in the General Conditions, other than in Sections 2.01 (8) and 6.02 (f) thereof, means the International Bank for Reconstruction and Development acting as Administrator of the Grant pursuant to the letter agreement between Japan and the Bank referred to in Recital (C) of this Agreement, except that in Section 6.02, the term "Bank" shall also include the International Bank for Reconstruction and Development acting in its own capacity;

(b) the term "Borrower", wherever used in the General Conditions, means the Recipient;

(c) the term "Loan Agreement", wherever used in the General Conditions, means this Agreement except that in Section 6.02 (a), the term "Loan Agreement" means the Loan Agreement referred to in Recital (A) of this Agreement;

(d) the term "Loan", wherever used in the General Conditions, means the Grant;

(e) the term "Loan Account", wherever used in the General Conditions, shall be amended to read the Grant Account;

(f) Section 4.01 shall be modified to read:

"Withdrawals from the Grant Account shall be made in yen; provided, however, that if the expenditures to be financed out of the proceeds of the Grant have been paid or are payable in another currency, the Administrator shall, at the request of the Recipient, purchase such currency with the proceeds of such withdrawal.";

(g) Sections 2.01 (5), (7), (12), (13), (14), (16), (17) and (19), 3.02, 3.03, 3.04, 3.05, 4.02, 4.03, 4.04, 4.05, 4.06, 4.07, 4.08, 4.10, 6.05, 6.07, 7.01, 8.01 (a), 9.02, 9.03, 10.02, 12.02, 12.04 and 12.05 are deleted.

(h) The second and third sentences of Section 4.09 are deleted.

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions, in the Recital to this Agreement and in the Loan Agreement have the respective meanings therein set forth; and the terms "yen" and "€" mean the currency of Japan.

#### ARTICLE II

##### The Grant

Section 2.01. The Administrator agrees to extend to the Recipient, on the terms and conditions herein set forth or referred to, the Grant in an amount of four hundred twenty-three million yen (¥423,000,000).

Section 2.02. The amount of the Grant may be withdrawn from the Grant Account in accordance with the provisions of the Schedule to this Agreement, as such Schedule may be amended from time to time by agreement between the Recipient and the Administrator.

Section 2.03. Except as the Administrator shall otherwise agree, goods and services to be financed out of the proceeds of the Grant shall be procured in accordance with the provisions of Schedule 1 to the LPPI Project Agreement which are hereby incorporated into this Agreement.

Section 2.04. The Closing Date shall be June 30, 1995, or such later date as the Administrator shall establish. The Administrator shall promptly notify the Recipient of such later date.

### ARTICLE III

#### Execution of the Project

Section 3.01. Except as otherwise expressly provided herein, Articles III, IV and V of the Loan Agreement, including the Schedules referred to therein, are hereby incorporated into this Agreement with the same force and effect as if they were fully set forth herein, it being understood that all references in said Articles to "the Bank" shall be deemed to be references to the Bank as Administrator of the Grant under this Agreement, all references to the "Borrower" shall be deemed to be references to the Recipient, and all references to the "Loan" and the "Loan Account" shall be deemed to be references to the Grant and the Grant Account, respectively.

### ARTICLE IV

#### Effectiveness

Section 4.01. (a) This Agreement shall become effective upon the Effective Date of the Loan Agreement, and the Administrator shall promptly notify the Recipient of such date.

(b) This Agreement and all obligations of the parties hereto shall terminate if the Loan Agreement shall terminate pursuant to Section 12.04 of the General Conditions for failure to become effective.

Section 4.02. Subject to Section 4.01(b) of this Agreement, this Agreement shall continue in effect until the Grant has been fully disbursed and the parties to this Agreement have fulfilled their obligations hereunder.

### ARTICLE V

#### Representation; Transfer of Rights and Obligations

Section 5.01. The Minister of Finance of the Recipient shall be the representative of the Recipient for the purposes of Section 11.03 of the General Conditions.

Section 5.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Recipient:

Minister of Finance  
c/o Directorate General of Budget

Jalan Lapangan Banteng Timur 2-4  
P.O. Box 139  
Jakarta, Indonesia

Cable address:

FINMINISTRY  
Jakarta

Telex:

44319 DEPKEU-IA  
45799 DJMLN-IA

For the Administrator:

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:

440098 (ITT)  
248423 (RCA) or  
64145 (WUI)

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  
as Administrator of the Grant

By /s/ Attila Karaosmanoglu  
Regional Vice President  
Asia

SCHEDULE

Withdrawal of the Proceeds of the Grant

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

Category	Amount of the Grant Allocated (Expressed in Yen)	% of Expenditures to be Financed
(1) Technical Assistance under Part B of the Project (except for Parts B(i)(2) and B(i)(3) of	423,000,000	100%

the Project)

TOTAL

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423,000,000

2. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of the Loan Agreement or for goods and services not eligible under the Loan Agreement.

