

CONFIRMED COPY

LOAN NUMBER 7905-ID

Project Agreement

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

between

INTERNATIONAL BANK

FOR

RECONSTRUCTION AND DEVELOPMENT

and

PT PERUSAHAAN LISTRIK NEGARA

Dated June 23, 2010

PROJECT AGREEMENT

AGREEMENT dated, June 23, 2010, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) and PT PERUSAHAAN LISTRIK NEGARA (“Project Implementing Entity”) (“PLN Project Agreement”) in connection with the Loan Agreement (“Loan Agreement”) of same date between the Republic of Indonesia (“Borrower”) and the Bank.

This Agreement: (i) sets out the terms and conditions related to the Loan for the Java-Bali Power Sector Restructuring and Strengthening Project to provide additional financing 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 Project Agreement between the Bank and PT Perusahaan Listrik Negara, dated October 1, 2003 (designated as the Project Agreement for Loan No. 4712-IND up to July 5, 2009 and subsequently designated for Loan No. 7758-ID, effective July 6, 2009) (as such agreement has been amended through the restructuring amendment of June 27, 2008 and may be amended from time to time) (“Original PLN Project Agreement”).

The Bank and the Project Implementing Entity hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to the Loan Agreement) 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 Loan Agreement or the General Conditions. Provisions of the Original Project 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 and/or the Original Project Agreement, which may occur prior to the Closing Date.

ARTICLE II — PROJECT

- 2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall carry out the Project in accordance with the provisions of Article V of the General Conditions, and shall provide promptly as needed, the funds, facilities, services and other resources required for the Project.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Bank and the Project Implementing Entity shall otherwise agree,

the Project Implementing Entity shall carry out the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — REPRESENTATIVE; ADDRESSES

3.01. The Project Implementing Entity's Representative is President Director.

3.02. The Bank's Address is:

International Bank for Reconstruction and Development
1818 H Street, NW
Washington, DC 20433
United States of America

Cable:	Telex:	Facsimile:
INTBAFRAD Washington, D.C.	248423(MCI) or 64145(MCI)	1-202-477-6391

3.03. The Project Implementing Entity's Address is:

PT Perusahaan Listrik Negara (Persero)
Jalan Trunojoyo Blok M 1/135 Kebayoran Baru
Jakarta 12160
Republic of Indonesia

Telex:	Facsimile:
4715647248	(62) (21) 7204929

AGREED at Jakarta, Indonesia, as of the day and year first above written.

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By: /s/ Joachim von Amsberg

Authorized Representative

PT PERUSAHAAN LISTRIK NEGARA (PERSERO)

By: /s/ Dhalan Iskan

Authorized Representative

SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. The implementation arrangements described in paragraphs 1, 2, 5, and 6, of Schedule 2 to the Original PLN Project Agreement constitute an integral part of this Agreement and are incorporated by reference herein; provided, however that the term “Part A of the Project” where it appears in such sections shall be understood to be a reference to this Project.
2. The Project Implementing Entity shall maintain, until completion of the Project, an Information Technology Shared Services Unit and an Implementation Team for the Enterprise Resource Planning deployment to Sumatra and Sulawesi, with composition and terms of reference satisfactory to the Bank.

B. Subsidiary Loan Agreement. The Project Implementing Entity shall duly perform its obligations under the PLN Subsidiary Loan Agreement and use the proceeds thereof exclusively for the purposes of the Project. Except as the Bank and the Borrower shall otherwise agree, the Project Implementing Entity shall not take or concur in any action which would have the effect of amending, abrogating, assigning or waiving the Subsidiary Loan Agreement or any provision thereof.

C. Management and Operations of PLN. The management and operations arrangements described in Sections 3.01, 3.02, and 3.03 of the Original PLN Project Agreement constitute an integral part of this Agreement and are incorporated by reference herein.

D. Anti-Corruption

The Project Implementing Entity shall ensure that the Project is carried out in accordance with the provisions of: (1) the Anti-Corruption Guidelines; and (2) the Governance and Accountability Framework, in each case in a manner satisfactory to the Bank.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Monitoring, Reporting, and Evaluation Arrangements

1. The Project Implementing Entity shall monitor and evaluate the progress of the Project and prepare Project Reports for the Project:

- (a) in accordance with the monitoring, reporting and evaluation arrangements described in sub-paragraphs 7(b) – 7(d) of Schedule 2 to the Original PLN Project Agreement, which constitute an integral part of this Agreement and are incorporated by reference herein; provided that the term “Part A of the Project” where it appears in such sub-paragraphs shall be understood to be a reference to this Project; and
- (b) on the basis of the indicators set forth in the Attachment to this Schedule.

B. Financial Management, Financial Reports and Audits

1. The financial management, audit and reporting obligations described in Sections 4.01 and 4.02 of the Original PLN Project Agreement constitute an integral part of this Agreement and are incorporated by reference herein; provided that the term “Part A of the Project” where it appears in such sub-paragraphs shall be understood to be a reference to this Project.
2. The debt service provisions described in Section 4.03 of the Original PLN Project Agreement constitute an integral part of this Agreement and are incorporated by reference herein.

Section III. Procurement

All goods and services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the provisions of Section III of Schedule 2 to the Loan Agreement.

ATTACHMENT to SCHEDULE TO THE PROJECT AGREEMENT**PERFORMANCE INDICATOR**

INDICATOR	FY10	FY11	FY12	FY13
PLN issues reconciled financial statements for the Java-Bali, Sumatra, and Sulawesi systems within 45 days upon the completion of the fiscal year	x - Java-Bali system*		x - Sumatra system	x – Sulawesi system

* This indicator is accomplished under the Original Project with respect to the Java-Bali system