Loan Agreement

Integrated Infrastructure Development for National Tourism Strategic Areas
(Indonesia Tourism Development Project)

between

REPUBLIC OF INDONESIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT
LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between REPUBLIC OF INDONESIA ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank"). The Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

2.01. The Bank agrees to lend to the Borrower the amount of three hundred million United States Dollars (USD 300,000,000), as such amount may be converted from time to time through a Currency Conversion ("Loan"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.

2.04. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.

2.05. The interest rate is the Reference Rate plus the Variable Spread or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.

2.06. The Payment Dates are January 15 and July 15 in each year.

2.07. The principal amount of the Loan shall be repaid in accordance with Schedule 3 to this Agreement.

2.08. (a) If on any given day, the Total Exposure exceeds the Standard Exposure Limit (as said terms are defined in sub-paragraphs (b)(ii) and (b)(iii) of this Section), the Borrower shall pay to the Bank a surcharge at the rate of one half of one percent (0.5%) per annum of the Allocated Excess Exposure Amount (as defined in sub-paragraph (b)(i) of this Section) for
each said day ("Exposure Surcharge"). The Exposure Surcharge (if any) shall be payable semi-annually in arrears on each Payment Date.

(b) For purposes of this Section the following terms have the meanings set forth below:

(i) "Allocated Excess Exposure Amount" means for each day during which the Total Exposure exceeds the Standard Exposure Limit, the product of: (A) the total amount of said excess; and (B) the ratio of all (or, if the Bank so determines, a portion) of the Loan to the aggregate amount of all (or the equivalent portions) of the loans made by the Bank to the Borrower and to other borrowers guaranteed by the Borrower that are also subject to an exposure surcharge, as said excess and ratio are reasonably determined from time to time by the Bank.

(ii) "Standard Exposure Limit" means the standard limit on the Bank’s financial exposure to the Borrower which, if exceeded, would subject the Loan to the Exposure Surcharge, as determined from time to time by the Bank.

(iii) "Total Exposure" means for any given day, the Bank’s total financial exposure to the Borrower, as reasonably determined by the Bank.

ARTICLE III — PROJECT

3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall carry out the Project through the Ministry of Public Works and Housing (MPWH), the Ministry of Tourism and the Indonesia Investment Coordinating Board in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

4.01. The Additional Condition of Effectiveness consists of the following namely, that, the Borrower has adopted the Project Operational Manual in form and substance satisfactory to the Bank.

4.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.
ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Borrower’s Representative is the Minister of Finance.

5.02. For purposes of Section 10.01 of the General Conditions: (a) the Borrower’s address is:

Directorate General of Budget Financing and Risk Management
Ministry of Finance
Gedung Frans Seda
Jalan DR. Wahidin Raya No. 1
Jakarta 10710
Indonesia; and

(b) the Borrower’s Electronic Address is: Facsimile: +62-21-381-2859

5.03. For purposes of Section 10.01 of the General Conditions: (a) the Bank’s address is:

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

(b) the Bank’s Electronic Address is:

Telex: Facsimile:

248423(MCI) or 1-202-477-6391
64145(MCI)
AGREED as of the Signature Date.

REPUBLIC OF INDONESIA

By

Authorized Representative

Name: LUKY ALFIRMAN
Title: DIRECTOR GENERAL OF BUDGET FINANCING AND RISK MANAGEMENT
Date: OCTOBER 24, 2018

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Authorized Representative

Name: Roland Peuzé
Title: Acting Country Director
Date: September 14, 2018
SCHEDULE 1

Project Description

The objectives of the Project are to improve the quality of, and access to, tourism-relevant basic infrastructure and services, strengthen local economy linkages to tourism, and attract private investment in Selected Tourism Destinations in Indonesia.

The Project consists of the following parts:

Part 1: **Increase institutional capacity to facilitate integrated and sustainable tourism development**

Carrying out a technical assistance program designed to increase institutional capacity to facilitate integrated and sustainable tourism development and such a program to include such activities as:

(a) preparation of integrated tourism master plans for Selected Tourism Destinations, preparation of related downstream sectoral master plans and studies, and institutional development and capacity building for integrated tourism destination planning, including the protection and management of World Heritage sites, Global Geoparks, and Biosphere Reserves;

(b) supporting the overall capacity of the Project implementing entities at national and subnational levels to coordinate, manage and supervise the implementation of the Project, including, *inter alia*: (i) carrying out of financial management, procurement, environmental and social safeguards management; (ii) monitoring, evaluation and reporting of the Project; (iii) supporting inter-ministry/agency coordination; and (iv) carrying out Project communication and dissemination activities; and

(c) supporting activities related to natural, cultural and social asset monitoring and preservation.

Part 2: **Improve tourism-relevant road quality and basic services accessibility**

Carrying out Sub-projects designed to enhance the quality and condition of tourism-relevant roads, provide facilities for public transport and non-motorized transport, as well as improve access to basic services and infrastructure essential for a satisfactory tourist experience and for the preservation of natural and cultural assets, and such Sub-projects to comprise such activities as:

(a) construction, widening, improvement, reconstruction, rehabilitation, betterment and maintenance of the tourism-relevant roads including bridges;
(b) construction and improvement of pedestrian and non-motorized traffic facilities, development and improvement of parks and greenery and the construction and improvement of subnational facilities for public transport;

(c) construction, upgrade, rehabilitation, and expansion of infrastructure for water supply, sanitation, wastewater management and solid waste management including provision of supporting facilities, consultant services and equipment such as garbage collection trucks to support these; and

(d) carrying out feasibility studies and detailed engineering designs and provision of management and supervision consultants’ services required for civil works under this Part.

Part 3: Promote local participation in the tourism economy

Carrying out a technical assistance program designed to increase participation of local firms, individuals and communities in the tourism sector and such a program to include such activities as:

(a) provision of relevant and high-quality competency-based training (CBT) and the strengthening of the certification system of the tourism sector in the Selected Tourism Destinations through, *inter alia*: (i) developing competency-based standards, qualification frameworks and related curriculum packages; (ii) training of trainers, teachers and assessors for improved delivery of CBT and developing related guidance materials; (iii) provision of technical assistance for technical and vocation education and training (TVET) institutions to align with private sector demands including provision of required TVET equipment; (iv) provision of training (including life-long learning) and certification; and (v) holding bi-annual tourism skill development forums;

(b) assisting local tourism firms to improve online presence and quality of service standards through, *inter alia*: monitoring, evaluating and providing training to improve online presence and service and quality standards of local tourism firms, including acquisition of travel website data to design related policies and programs; and

(c) re-designing, implementation, and monitoring of Ministry of Tourism’s community awareness and engagement program (*Sadar Wisata*) through, *inter alia*: (i) support to increase the number of community participants in the Selected Tourism Destinations; (ii) redesign, using international best practice, *Sadar Wisata* program to be more focused on, and effective in,
empowering communities in Selected Tourism Destinations to participate in tourism; and (iii) carrying out community satisfaction surveys.

Part 4: **Enhance the enabling environment for private investment and business entry in tourism**

Carrying out a technical assistance program to design and implement tourism destination specific investment planning to include such activities as: (a) the preparation and updating of investment project ready to offer (I-PRO); (b) market sounding activities; and (c) monitoring of investment projects.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Borrower shall:

(a) maintain until completion of the Project, the Steering Committee chaired by BAPPENAS – and comprising the Ministers from *inter alia*: Ministry of Tourism, Ministry of Public Works and Housing, Indonesia Investment Coordinating Board and Ministry of Finance, which shall be responsible for cross-sector coordination for tourism development, especially destination development across Indonesia, and planning-budgeting alignment;

(b) maintain until completion of the Project, the Technical Committee comprising echelon I officials from *inter alia*: BAPPENAS, Ministry of Tourism, Ministry of Public Works and Housing, Indonesia Investment Coordinating Board, and Ministry of Finance, which shall be responsible for oversight of tourism development at the national level, and support to the provincial and local task forces;

(c) cause to establish prior to the commencement of Project activities in each such Province, Kabupaten/Kota, and thereafter maintain until completion of the Project, Provincial Task Forces and Kabupaten/Kota Task Forces in each of the Provinces and Kabupaten/Kota in the Selected Tourism Destinations, which shall be responsible for cross-sector coordination for tourism development at the Province/Kabupaten/Kota level, subnational government planning-budgeting alignment; and oversight of tourism development at the Province/Kabupaten/Kota level;

(d) maintain until completion of the Project, the Central Project Management Unit (CPMU) in the Regional Infrastructure Development Agency (RIDA), which shall be responsible for the management and monitoring of the Project;

(e) maintain until completion of the Project, Central Project Implementation Units (CPIUs) in the Ministry of Public Works and Housing, Indonesia Investment Coordinating Board, and the Ministry of Tourism, each of which shall be responsible for day-to-day implementation of the Project including recruitment of consultants and service providers and production of reports on the progress of the Project, in each case, with a mandate,
composition and terms of reference as set out in the Project Operational Manual; and

(f) maintain until completion of the Project, a Program Management Support Team at the national level and in each of the Selected Tourism Destinations.

2. The Borrower shall provide, or cause to be provided, as the case may be, each of the Steering Committee, Technical Committee, CPMU, the CPIUs, and the Program Management Support Team (national and destination level) at all times with adequate funds (allocated in the DIPA budget) and other resources, mandate/functions, and with qualified and experienced personnel in adequate numbers, as shall be necessary to accomplish Project objectives as further detailed in the Project Operational Manual.

3. Without limitation to the provision of paragraphs 1 and 2 of this Section I.A, the Borrower, through the Ministry of Public Works and Housing, the Ministry of Tourism and BKPM, shall recruit and retain such consultants as may be needed to support the functions of the entities referred to in these paragraphs, all with composition and terms of reference acceptable to the Bank and the Borrower as further detailed in the Project Operational Manual.

B. Project Operational Manual

1. The Borrower, through the Ministry of Public Works and Housing, the Ministry of Tourism and BKPM, shall:

   (a) prepare a Project operational manual in form and substance satisfactory to the Bank, containing detailed arrangements and procedures for implementation of the Project including, inter alia: (i) implementation arrangements including delineation of role and responsibility of various entities, institutions and agencies involved in Project implementation and their coordination; (ii) the procurement procedures and standard procurement documentation; (iii) disbursement arrangements, financial management procedures and audit procedures; (iv) procedures for preparing and reviewing a consolidated annual work plan and budget for each Fiscal Year including Counterpart Funds; (v) the Project performance indicators and monitoring and evaluation arrangements; (vi) arrangement and procedures for environment and social safeguard management; (vii) eligibility and selection criteria, procedures and arrangements for identifying, preparing, appraising and implementing Sub-projects under Part 2 of the Project; (viii) administrative boundaries of the Selected Tourism Destinations and Selected Key Tourism Areas within them; and (ix) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project;
(b) (i) furnish to - and exchange views with - the Bank on such manual promptly upon its preparation; and (ii) thereafter adopt such manual as shall have been approved by the Bank (Project Operational Manual);

(c) ensure that the Project is implemented in accordance with the Project Operational Manual;

(d) not amend, suspend, abrogate, repeal or waive any provisions of the Project Operational Manual without the prior written agreement of the Borrower and the Bank; and

(e) with the prior written agreement of the Borrower and the Bank, update the Project Operational Manual, as necessary, at all times ensuring compliance thereof with the terms of this Agreement.

2. In the event of any conflict between the provisions of: (a) the Project Operational Manual; and (b) those of this Agreement, the latter shall prevail.

C. Safeguards

1. The Borrower shall ensure that the Project is carried out in accordance with the provisions of the Safeguards Instruments, and, except as the Bank shall otherwise agree in writing, the Borrower shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, any of the aforementioned, or any provision of any one thereof.

2. Wherever required pursuant to the terms of the Environmental and Social Management Framework, the Borrower shall - for the purposes of a Sub-project and prior to the implementation thereof - proceed to have an environmental and social management plan:

   (a) prepared in form and substance satisfactory to the Bank;

   (b) except as otherwise agreed with the Bank in writing, submitted to the Bank for review and approval; and

   (c) thereafter, adopted and locally disclosed.

3. Wherever required pursuant to the terms of the Land Acquisition and Resettlement Policy Framework and / or the Indigenous Peoples Planning Framework, the Borrower shall - for the purposes of a Sub-project and prior to implementation thereof - proceed to have a land acquisition and resettlement action plan and / or an indigenous peoples plan, respectively:
(a) prepared in form and substance satisfactory to the Bank;
(b) except as otherwise agreed with the Bank in writing, submitted to the Bank for review and approval; and
(c) thereafter, adopted and locally disclosed.

4. The Borrower shall ensure that all land acquisition required for the purposes of carrying out works under the Project are financed exclusively out of its own resources, and shall provide, promptly as needed, the resources needed for these purposes, including: (a) all land acquisition required for the purposes of carrying out the Project; (b) resettlement and rehabilitation payments to Project Affected Persons; and (c) all other costs associated with environmental and/or social mitigation measures set forth in the Safeguard Instruments.

5. The Borrower shall ensure that all studies and technical assistance to be supported under the Project are carried out under terms of reference satisfactory to the Bank, and that such terms of reference are consistent with, and pay due attention to, the Bank’s Safeguards Policies.

6. The Borrower shall ensure that each contract for a Sub-project includes the obligation of the relevant contractor to implement the Safeguards Instruments.

7. Without limitation to the provisions of Section II.1 of this Schedule 2, the Borrower shall take all measures necessary on its part to regularly collect, compile, and submit to the Bank, as part of the Project Reports, information on the status of compliance with the Safeguards Instruments, giving details of:
   (a) measures taken in furtherance of the Safeguards Instruments;
   (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the Safeguards Instruments; and
   (c) remedial measures taken or required to be taken to address such conditions.

8. In the event of a conflict between the provisions of any of the Safeguards Instruments and those of this Agreement, the latter shall govern.

Section II. Project Monitoring Reporting and Evaluation

1. The Borrower shall furnish to the Bank each Project Report not later than forty-five (45) days after the end of each calendar year, covering the calendar year.
2. No later than June 30, 2021, the Borrower shall, in conjunction with the Bank, carry out a mid-term review of the Project (the “Mid-term Review”), covering the progress achieved in the implementation of the Project. To this end, the Borrower shall prepare - under terms of reference satisfactory to the Bank - and furnish to the Bank not less than three (3) months prior to the beginning of the Mid-term Review, a report integrating the results of the Project’s monitoring and evaluation activities, on the progress achieved in the carrying out of the Project during the period preceding the date of such report, and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objective of the Project during the period following such date. Following the Mid-term Review, the Borrower shall act promptly and diligently in order to take, or cause to be taken, measures recommended to ensure the efficient completion of the Project and the achievement of the objectives, as well as any corrective action deemed necessary by the Bank to remedy any shortcoming noted in the carrying out of the Project in furtherance of the objective of the Project.

Section III. Procurement

A. General

1. Goods, Works and Non-consulting Services. All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. Consultants’ Services. All consultants’ services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.

3. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. Other Methods of Procurement of Goods, Works and Non-consulting Services. The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) Limited International Bidding; (b) National Competitive Bidding, subject to the additional provisions set forth in the Annex to this Schedule 2; (c) Shopping; (d) Direct Contracting; (e) Procurement from United Nations Agencies; (f) Force Account; and (g) Community Participation procedures which have been found acceptable to the Bank.

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 methods, other than Quality and Cost-based Selection, may be used for procurement of consultants’ services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants’ Qualifications; (e) Single-source Selection of consulting firms; (f) Single-source procedures for the Selection of Individual Consultant; and (g) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultant.

D. Review by the Bank of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Bank’s Prior Review. All other contracts shall be subject to Post Review by the Bank.

Section IV. Withdrawal of Loan Proceeds

A. General.

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Borrower may withdraw the proceeds of the Loan to: (a) finance Eligible Expenditures; and (b) repay the Preparation Advance; in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, Operating Costs, Training, non-consulting services, and consulting services for the Project</td>
<td>296,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Refund of the Preparation Advance</td>
<td>4,000,000</td>
<td>Amount payable pursuant to Section 2.07 (a) of the General Conditions</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>300,000,000</td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period.

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made for payments made prior to the Signature Date.

2. The Closing Date is December 31, 2023.
ANNEX TO SCHEDULE 2

National Competitive Bidding: Modifications to Procedures

The procedures applicable to the procurement of goods, works, and non-consulting services under contracts awarded on the basis of National Competitive Bidding shall be those of the *Pelelangan Umum* (Public Tendering) and *Pemilihan Langsung / Pelelangan Sederhana* (Simplified Tendering) methods as set forth in the Borrower’s Presidential Regulation No. 54/2010 and its subsequent amendments as of January 16, 2015, with the modifications set out below in order to ensure economy, efficiency, transparency, and broad consistency with the provisions of Section I of the Procurement Guidelines, pursuant to paragraph 3.3 of said Guidelines. The *Pemilihan Langsung / Pelelangan Sederhana* method shall apply to such procurement up to the financial thresholds specified in said Regulation. In the event of a conflict between the Borrower’s procedures and these modifications, the latter shall govern.

1. Procuring entities shall use the appropriate standard bidding documents acceptable to the Borrower and the Bank. The provisions of Section 1.16 (Fraud and Corruption) of the Procurement Guidelines shall apply, and each bidding document and contract financed out of the proceeds of the Loan shall include provisions on matters pertaining to fraud and corruption as defined in paragraph 1.16(a) of said Guidelines and the contract provisions set out in paragraph 1.16(e) of said Guidelines.

2. Foreign bidders shall not be precluded from bidding. If a registration process is required, a foreign firm determined to be the lowest evaluated responsive bidder shall be given reasonable time for registration. Foreign bidders shall not be required to form a joint venture or sub-contract part of the supply of goods, non-consulting services, and works as a condition for submitting bids or the award of the contract. Bidding documents shall be made available to all international bidders.

3. No preference of any kind shall be given to any bidders.

4. Under the *Pelelangan Umum* method, bidders shall be allowed at least twenty-one (21) days from the date of the invitation to bid or the date of availability of bidding documents, whichever is later, to prepare and submit bids; this period shall be ten (10) days under the *Pemilihan Langsung / Pelelangan Sederhana* method.

5. Bids invited under the *Pelelangan Umum* method shall be submitted in one (1) envelope and evaluated using post-qualification.

6. 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 written concurrence.
7. Bid security, if it is required by the bidding documents, at the bidder’s option, shall be in the form of a letter of credit or guarantee from a reputable bank or other reputable financial institution and shall without exception follow the form provided for this purpose in the bidding documents.

8. All bids shall not be rejected and new bids solicited without the Bank’s prior written concurrence.

9. Government-owned enterprises in Indonesia shall be eligible to participate, provided that they comply with paragraph 1.10(b) of the Procurement Guidelines.
SCHEDULE 3

Amortization Schedule

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").

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share (Expressed as a Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>15 January 2025</td>
<td>6.58</td>
</tr>
<tr>
<td>15 July 2025</td>
<td>6.66</td>
</tr>
<tr>
<td>15 January 2026</td>
<td>6.75</td>
</tr>
<tr>
<td>15 July 2026</td>
<td>6.83</td>
</tr>
<tr>
<td>15 January 2027</td>
<td>6.92</td>
</tr>
<tr>
<td>15 July 2027</td>
<td>7.00</td>
</tr>
<tr>
<td>15 January 2028</td>
<td>7.09</td>
</tr>
<tr>
<td>15 July 2028</td>
<td>7.18</td>
</tr>
<tr>
<td>15 January 2029</td>
<td>7.27</td>
</tr>
<tr>
<td>15 July 2029</td>
<td>7.36</td>
</tr>
<tr>
<td>15 January 2030</td>
<td>7.45</td>
</tr>
<tr>
<td>15 July 2030</td>
<td>7.54</td>
</tr>
<tr>
<td>15 January 2031</td>
<td>7.64</td>
</tr>
<tr>
<td>15 July 2031</td>
<td>7.73</td>
</tr>
</tbody>
</table>
APPENDIX

Section I. Definitions

1. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011.

2. “Bank’s Safeguards Policies” means the operational policies and procedures for financing of development projects by the Bank at the date of this Agreement and relating to Environmental Assessment, Natural Habitats, Pest Management, Indigenous Peoples, Physical Cultural Resources, Involuntary Resettlement, Forests, Safety of Dams, Projects on International Waterways, and Projects in Disputed Areas, as published under http://policies.worldbank.org to the extent they are applicable to the Project.

3. “BAPPENAS” means Badan Perencanaan Pembangunan Nasional or the national development planning agency of the Borrower, or any successor thereto.

4. “Biosphere Reserve” means areas of terrestrial and coastal/marine ecosystems, or a combination thereof, which are internationally recognized within the framework of the Man and the Biosphere Programme.

5. “Bupati” means a regent, an executive head of a Kabupaten.

6. “Category” means a category set forth in the table in Section IV.A of Schedule 2 to this Agreement.

7. “Central Project Implementation Unit” or “CPIU” means any of the units referred to in Section I.A.1(e) of Schedule 2 to this Agreement and the terms “Central Project Implementation Units” or “CPIUs” means all such units.

8. “Central Project Management Unit” or “CPMU” means the unit referred to in Section I.A.1(d) of Schedule 2 to this Agreement.

9. “Chance Finds Procedures” means the preservation and proper management procedures which need to be followed - as per requirements of OP/BP 4.11 Physical Cultural Resources - when objects, sites, structures, groups of structures, and natural features and landscapes (that have archaeological, paleontological, historical, architectural, religious, aesthetic, or other cultural significance) are encountered unexpectedly during project implementation.

11. “Counterpart Funds” means a minimum amount of funds required for the Project, estimated at USD 471 million equivalent, to be provided by the Borrower, through an allocation to the budget in each year.

12. “DIPA” means daftar isian pelaksanaan anggaran, a government budget document setting forth the budget activity list for a Fiscal Year.

13. “Environmental and Social Management Framework” or “ESMF” means the environmental and social safeguards management framework dated 19 January 2018 and adopted by the Borrower and publicly disclosed on the Bank’s external website (documents & reports) on 26 January 2018, such framework setting out the principles, rules, guidelines and procedures to assess environmental and social impacts of the activities to be undertaken under the Project, and measures and plans to reduce, avoid, mitigate and/or offset adverse social and environmental impacts and enhance positive impacts of said activities, as the same may be updated from time to time in agreement with the Bank, such framework incorporating among others LARPF, IPPF, Physical and Cultural Resources Management Framework and Chance Finds Procedures and Process Framework.

14. “Environmental and Social Management Plan” means an environmental and social management plan, acceptable to the Bank and consistent with the Environmental and Social Management Framework adopted for the purposes of a Sub-project, and giving details of the agreed actions and policies designed to maximize the benefits of the Sub-project, eliminate or offset any adverse environmental and social impacts, or reduce such impacts to acceptable levels, along with the procedural and institutional measures needed to implement such actions and policies, and “Environmental and Social Management Plans” means, collectively, all such plans.

15. “Fiscal Year” means the Borrower’s fiscal year commencing January 1 and ending December 31 of the same year.


17. “Global Geopark” means a single, unified geographical area where sites and landscapes of international geological significance are managed with a holistic concept of protection, education and sustainable development, designated as such pursuant to UNESCO’s statutes and operational guidelines for global geoparks.
18. “Indigenous Peoples” means those social groups in the Borrower’s territory that have a distinct, vulnerable, social and cultural identity, and that possess the following characteristics in varying degrees: (a) self-identification as members of a distinct indigenous cultural group and recognition of this identity by others; (b) collective attachment to geographically distinct habitats or ancestral territories in the Project area and to the natural resources in these habitats and territories; (c) customary cultural, economic, social, or political institutions that are separate from those of the dominant society and culture; and (d) an indigenous language.

19. “Indigenous Peoples Plan” means a plan for a Sub-project, meeting the requirements of the Indigenous Peoples Planning Framework, that sets out the agreed measures to: (a) involve Indigenous Peoples, through a process of free, prior and informed consultation, in the design and implementation of the Sub-project in locations in which such people reside or make their living; (b) ensure that Indigenous Peoples affected by the Sub-project receive culturally appropriate social and economic benefits; and (c) when potential adverse effects on Indigenous Peoples are identified, those adverse effects are avoided, minimized, mitigated, or compensated for, in each case in a manner acceptable to the Bank and the Borrower, and “Indigenous Peoples Plans” means, collectively, all such plans.

20. “Indigenous Peoples Planning Framework” or “IPPF” means the indigenous peoples planning framework incorporated in the ESMF, giving details of a program of actions, measures and policies designed to facilitate a process of free, prior and informed consultation involving Indigenous Peoples in the design and implementation of every Sub-project - where it is applicable - and to ensure that such Indigenous Peoples derive benefits from the Sub-project which are socially, economically and culturally appropriate, and gender and inter-generationally inclusive.

21. “Indonesia Investment Coordinating Board” or “BKPM” means the Borrower’s ministry responsible for boosting domestic and foreign direct investment through creating a conducive investment climate and any successor thereto.

22. “Kabupaten” means a regency, an administrative division of a Province.

23. “Kabupaten/Kota Task Force” means the local government-level task force established under a decree of a Bupati or mayor, as applicable, in each Participating Kabupaten or Participating Kota, or any successor thereto.

24. “Kota” means a city, an administrative division of a Province.

25. “Land Acquisition and Resettlement Action Plan” means a resettlement and rehabilitation action plan for a Sub-project - acceptable to the Bank and the Borrower prepared pursuant to the Land Acquisition and Resettlement Policy
Framework - giving details of the agreed provisions for compensation, rehabilitation and resettlement assistance to Project Affected Persons, along with the procedural and institutional measures needed to implement such agreed provisions.

26. “Land Acquisition and Resettlement Policy Framework” or “LARPF” means the land acquisition and resettlement policy framework for the Project, acceptable to the Bank - setting forth the measures and actions to be taken during the implementation of the Project for the provision of compensation, rehabilitation and resettlement assistance to Project Affected Persons - and disclosed on the Bank’s external website (documents & reports) on January 19, 2018 (Report No. SFG4034).

27. “Man and the Biosphere Programme” means UNESCO’s intergovernmental scientific program launched in 1971 that aims to establish a scientific basis for the improvement of relationships between people and their environments.

28. “Ministry of Finance” means the Borrower’s ministry responsible for finance or any successor thereto.

29. “Ministry of Public Works and Housing” or “MPWH” means the Borrower’s ministry responsible for public works or any successor thereto.

30. “Ministry of Tourism” means the Borrower’s ministry responsible for tourism or any successor thereto.

31. “Operating Costs” means the reasonable incremental operating costs under the Project, incurred by the Borrower for purposes of Project management, implementation and monitoring and evaluation, including office supplies and consumables, utilities, bank charges, communications, information and communication campaigns, mass media and printing services, vehicle rental, operation, maintenance and insurance, office space rental, building and equipment maintenance, travel, lodging and subsistence allowances, and salaries of contractual and temporary staff, but excluding salary and salary supplements of staff of the Borrower’s civil service.

32. “Participating Kabupaten” means a Kabupaten meeting the eligibility requirements set out in the Project Operational Manual and selected to participate in the Project.

33. “Participating Kota” means a Kota meeting the eligibility requirements set out in the Project Operational Manual and selected to participate in the Project.

34. “Participating Province” means a Province meeting the eligibility requirements set out in the Project Operational Manual and selected to participate in the Project.
35. “Physical and Cultural Resources Management Framework” means the preservation and proper management when an investment may affect physical cultural resources, i.e., resources of archeological, paleontological, historical, architectural, and religious (including graveyards and burial sites), aesthetic or other cultural significance, as per requirement of Bank OP/BP4.11 Physical Cultural Resources.

36. “Physical and Cultural Resources Management Plan” means the plan prepared in accordance with the ESMF containing measures for avoiding or mitigating any adverse impacts on physical cultural resources, provisions for managing chance finds, any necessary measures for strengthening institutional capacity, and a monitoring system to track the progress of these activities, and “Physical and Cultural Resources Management Plans” means, collectively, all such plans.

37. “Preparation Advance” means the advance referred to in Section 2.07 (a) of the General Conditions, granted by the Bank to the Borrower pursuant to the letter agreement signed on behalf of the Bank on November 7, 2017 and on behalf of the Borrower on November 21, 2017.

38. “Process Framework” means a framework document addressing how Project Affected Persons – designated as such by virtue of their involuntary restriction of access to legally designated parks and protected areas on account of the Project – may participate in the determination of the nature of the said restrictions, as well as the type of measures necessary to mitigate adverse impacts caused by these restrictions.


40. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated February 13, 2018 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

41. “Program Management Support Team” means the team referred to in Section I.A.1(f) of Schedule 2 to this Agreement.

42. “Project Affected Person” means a person who, on account of the execution of the Project, has experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such person must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected
areas, resulting in adverse impacts on the livelihood of such person, and “Project Affected Persons” means, collectively, all such Project Affected Persons.

43. “Project Operational Manual” means the manual referred to in Section I.B.1(b) (ii) of Schedule 2 to this Agreement, as the same may be amended from time to time in agreement with the Bank, and such term includes any schedules to the Project Operational Manual.

44. “Province” means an administrative sub-division of the Borrower’s territory at the first level below the national level.

45. “Provincial Task Force” means the provincial government-level task force, established under a decree of a relevant governor in each Participating Province.

46. “Regional Infrastructure Development Agency”, or “RIDA” means the agency of the Ministry of Public Works and Housing (as hereinafter defined) responsible for regional infrastructure development, or a successor thereto.

47. “Safeguards Instruments” means, collectively, the Environmental and Social Management Framework, any Environmental and Social Management Plans, the Indigenous Peoples Planning Framework, any Indigenous Peoples Plans, the Land Acquisition and Resettlement Policy Framework, the Process Framework, and any Land Acquisition and Resettlement Action Plans, the Physical and Cultural Resources Management Framework, Chance Finds Procedures, the Physical and Cultural Resources Management Plans and such term includes any annexes or schedules to such instruments.

48. “Selected Tourism Destination” means any specific geographic area in the Borrower’s territory namely: the island of Lombok; the area in and around the World Heritage sites of Borobudur and Prambanan, as well as the Province of DI Yogyakarta; and the area in and surrounding Lake Toba - including in each case one or several clusters of key tourism attractions, infrastructure and facilities and the wider area through which they are connected - which is included in the Project and whose boundaries are delineated in the Project Operational Manual and the term “Selected Tourism Destinations” means all such destinations.

49. “Selected Key Tourism Area” means a specific geographic area within a Selected Tourism Destination in which key tourism attractions, infrastructure and facilities are concentrated - which is included in the Project and whose boundaries are delineated in the Project Operational Manual and the term “Selected Key Tourism Areas” means all such areas.
50. “Signature Date” means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to “the date of the Loan Agreement” in the General Conditions.

51. “Steering Committee” means the inter-agency committee referred to in Section I.A.1(a) of Schedule 2 to this Agreement.

52. “Sub-project” means a set of activities under Part 2 of the Project, in each case selected pursuant to criteria and procedures set forth in the Project Operational Manual, which, inter alia, exclude large scale infrastructure that are not predominantly tourism related and “Sub-projects” means more than one Sub-project.

53. “Technical Committee” means the committee referred to Section I.A.1(b) of Schedule 2 to this Agreement.

54. “Training” means the reasonable costs of training activities under the Project, approved in advance by the Bank, and attributable to seminars, workshops, and domestic and overseas training, along with travel and subsistence allowances for training participants, services of trainers, rental of training facilities, preparation and reproduction of training materials, interpretation and translation, and other activities directly related to course preparation and implementation.

55. “World Heritage” means items of cultural or natural heritage with outstanding universal value as so established pursuant to the Convention Concerning the Protection of the World Cultural and Natural Heritage adopted - by the general conference of United Nations Educational, Scientific and Cultural Organization (UNESCO) - on November 16, 1972 and entered into force on December 17, 1975.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. Section 5.13 (Procurement) is deleted in its entirety and the remaining section in Article V is renumbered accordingly.

2. Paragraphs 84 (Procurement Plan) and 85 (Procurement Regulations) in the Appendix are deleted in their entirety and the subsequent paragraphs are renumbered accordingly.