

Indonesia Geothermal Resource Risk Mitigation Project

Developer Manual

August 2021



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Abbreviations and Acronyms

3G	Geology, Geochemistry and Geophysics
AMDAL	Analisis Mengenai Dampak Lingkungan (Environmental Impact Analysis)
AW	Application of Withdrawal
BAFO	Best and Final Offer
BER	Bid Evaluation Report
CTF	Clean Technology Fund
DELJ	<i>Divisi Evaluasi Lingkungan Sosial & Jasa Konsultasi</i> (Division of Environmental Social and Advisory Evaluation)
DFMV	Developer Fair Market Value
DM	Developer Manual
DPB	Divisi Pembiayaan Berkelanjutan (Division of Sustainable Financing)
E&S	Environmental & Social
ESMF	Environmental and Social Management Framework
ESMS	Environmental and Social Management System
FI	Financial Instrument
FMR	Financial Management Report
FOL	Financing Offering Letter
GCF	Green Climate Fund
GEUDP	Geothermal Energy Upstream Development Project
GIF	Global Infrastructure Facility
GoI	Government of Indonesia
GREM	Indonesia Geothermal Resource Risk Mitigation Project
IBRD	International Bank for Reconstruction and Development
IDR	Indonesian Rupiah
IFR	Interim Financial Report
IPB	Ijin Panas Bumi (Geothermal Business Permit)
IPF	Investment Project Financing
IPPF	Indigenous Peoples Planning Framework
JV	Joint Venture
KPI	Key Performance Indicator
KYC	Know-your-customer
LIBOR	London Interbank Offered Rate
MEMR	Ministry of Energy and Mineral Resources
MoEF	Ministry of Environment and Forestry
MoF	Ministry of Finance
MSOE	Ministry of State-Owned Enterprise
No.	Number
NOL	No Objection Letter
NPWP	Nomor Pokok Wajib Pajak (Tax Identification Number)

PGE	Pertamina Geothermal Energy
PIEC	Preliminary Identification of Eligible Costs
PISP	Pembiayaan Infrastruktur Sektor Panas Bumi (Infrastructure Financing for Geothermal Sector)
PLN	Perusahaan Listrik Negara (State Electricity Company)
PPA	Power Purchase Agreement
PPN	Pajak Pertambahan Nilai (Value Added Tax)
PPP	Public Private Partnership
PPSD	Project Procurement Strategy for Development
PSPE	Penugasan Survei Pendahuluan dan Eksplorasi (Preliminary Survey and Exploration)
PT	Perseroan Terbatas (Limited Liability Company)
QHSE	Quality, Health, Safety and Environment
REoI	Request Expressions of Interest
RFB	Request for Bid
RFP	Request for Proposal
RFQ	Request for Quotations
RK	Rekening Khusus (Designated Account for Bank Financed)
RM	Rupiah Murni (Account for Non-Bank Financed)
RPF	Resettlement Policy Framework
SA	Special Account
SBLC	Standby Letter of Credit
SIUP	Surat Izin Usaha Perdagangan (business license)
SKDP	Surat Keterangan Domisili Perusahaan (Company Domicile Certificate)
SMI	Sarana Multi Infrastruktur
SPN	Specific Procurement Notice
SPV	Special Purpose Vehicle
RPF	Resettlement Policy Framework
SBUN	Sub Bendahara Umum Negara (General Operational Account under GOI's Treasury)
SOE	State Owned Enterprise
Tbc	To be confirmed
ToR	Terms of Reference
UKL-UPL	Upaya Pengelolaan Lingkungan Hidup - Upaya Pemantauan Lingkungan Hidup (Environmental Management and Environmental Monitoring Efforts)
USD, US\$	United States Dollar
VAT	Value-Added Tax
WB	World Bank
WKP	Wilayah Kerja Panas Bumi (Geothermal Working Area)

1 Introduction

The Geothermal Resource Risk Mitigation (GREM) Project has been developed by the Government of Indonesia (GoI) through PT SMI together with the World Bank with the objective to foster the development of geothermal power generation projects in Indonesia. The new facility shall enable early-stage financing of geothermal projects for public and private developers to enable the increase of geothermal power generation capacities in the country. The Facility is envisaged to include three windows:

- 1) Government drilling,
- 2) Public developer window, and
- 3) Private developer window.

The first window (Government drilling) has been operationalized under the existing World Bank-supported Geothermal Energy Upstream Development Project (GEUDP), where PT Sarana Multi Infrastruktur (Persero) (PT SMI) acts as the financial implementing agent and PT Geo Dipa Energi (PT GDE) acts as the implementing agency. GEUDP is capitalized with US\$49 million from the Government's Pembiayaan Infrastruktur Sektor Panas Bumi (PISP), also known as Infrastructure Financing for Geothermal Sector, as well as a matching US\$49 million from the Clean Technology Fund for a total of US\$98 million towards investment in geothermal exploration drilling. GEUDP also includes a US\$6.25 million grant from the Global Environment Facility for technical assistance and capacity building for PT SMI, PT GDE and relevant stakeholders. PT GDE, in cooperation with PT SMI, undertakes exploration drilling, including procurement of infrastructure construction and drilling services, on behalf of the government. Once the resources have been confirmed, the sites are tendered by the Geothermal Directorate under the Ministry of Energy and Mineral Resources (MEMR), where the successful bidder for the full development license is required to pay back the costs of drilling plus a premium, so that in the aggregate, the cost of drilling unsuccessful sites is absorbed by the revenues from the successful sites. This window is managed on a portfolio basis under a revolving mechanism, which means that reflows will be used to support future drilling.

The remaining two windows are being established under the GREM Facility, where publicly-owned and private developers¹ are provided with financing for resource confirmation drilling with a view to achieve financial close for the exploitation (construction and operation) phase. The funds will be disbursed over two phases which the first phase is expected to be started effectively in 2020 and with a Project Closing Date of October 31, 2029.

The two windows are planned to be capitalized with a total of US\$651.25 million in the aggregate towards investments in geothermal exploration drilling. The funds will be disbursed over two overlapping phases, that will start at Year 1 and Year 3 respectively. The overlapping of phases ensures that essential activities in Phase 1 and Phase 2 continue without there being a gap in program roll-out while the next phase is prepared. The first phase will start up the program and introduce the proposed innovative financing mechanism. The second phase will scale up while reflecting the changes and streamlining from the learning. The design of the future phase(s) will consider developed capacity of institutions and stakeholders, market response, risk appetite of key

¹ Joint Ventures between public and private entities can choose whether to approach the public window through its public entity or the private window through its private entity.

stakeholders, and learning from technical challenges. However, both phases are designed to have the same components and outcomes, but with a different scope and targets. Developers under the GREM Facility are to put in equity toward the exploration program for the sub-projects.

The GREM Facility also includes a US\$6.25 million grant from GCF, CTF, and GIF for technical assistance and capacity building for PT SMI and relevant stakeholders. PT SMI will be the executing entity for the GREM Facility in a financial intermediary function. GREM shall facilitate the mobilisation of private and public funds with the objective to foster the development of the geothermal market.

This Developer Manual (DM) has two objectives: Firstly, to explain the facility, in particular the financing instruments for the public and private developers forming the informational base for the decision regarding a loan application, and secondly, to describe the application and monitoring for the sub-projects² for geothermal exploration.

Procurement procedures are solely applicable to the public developers and will guide PT SMI's supervision of procurement by public developers. Private sector developers will not have the obligation to comply with the Procurement Regulations.

The Environmental and Social Management Framework (ESMF), which has been developed in accordance with World Bank's safeguards policies, guides the process for PT SMI to screen the projects and supervise the developers' compliance in safeguards management, which are applicable to both public and private developers.

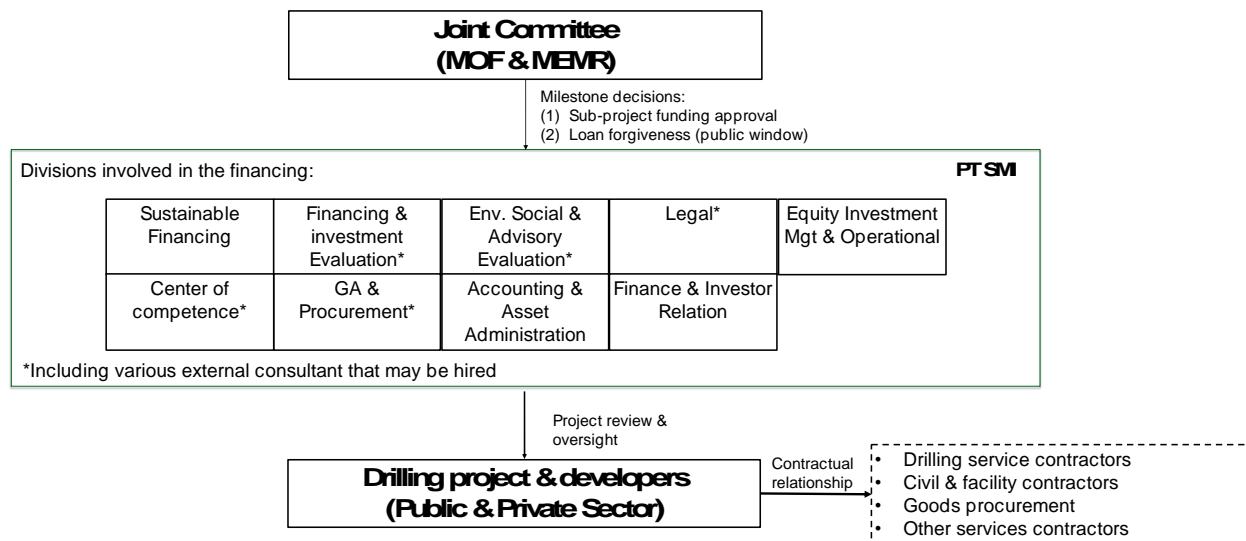
² Remark: in this document the expression "sub-projects" refers to geothermal projects being developed by public or private entities.

2 Governance of the Facility

PT SMI is acting as a financial intermediary in administering the public and private developer windows of the GREM Facility to developers of geothermal power projects (“Developers” or “Sub Borrowers”).

The following figure provides an overview of the project organizational structure and divisions in PT SMI involved in administering the GREM facility.

Figure 2-1. The Project Organizational Structure



3 Financing Support to Developers

3.1 Overview

Under the GREM Facility, PT SMI provides developers with debt financing for resource confirmation drilling, through:

- (i) Provision of loan and de-risking facility with total amount of up to USD 30 million to public sector developers for exploration drilling;
- (ii) Provision of traditional loans combined with subscription of Financial Instrument(s) issued by private sector developers for exploration drilling with total amount of up to USD 30 million; and
- (iii) Provision of traditional loans of up to US\$30 million to public and private sector developers for delineation or extended exploration drilling

The Facility supports exploration and/or delineation or extended exploration, to confirm whether there is sufficient productive steam resource for power generation. After the resource is confirmed, it is expected that the developer can:

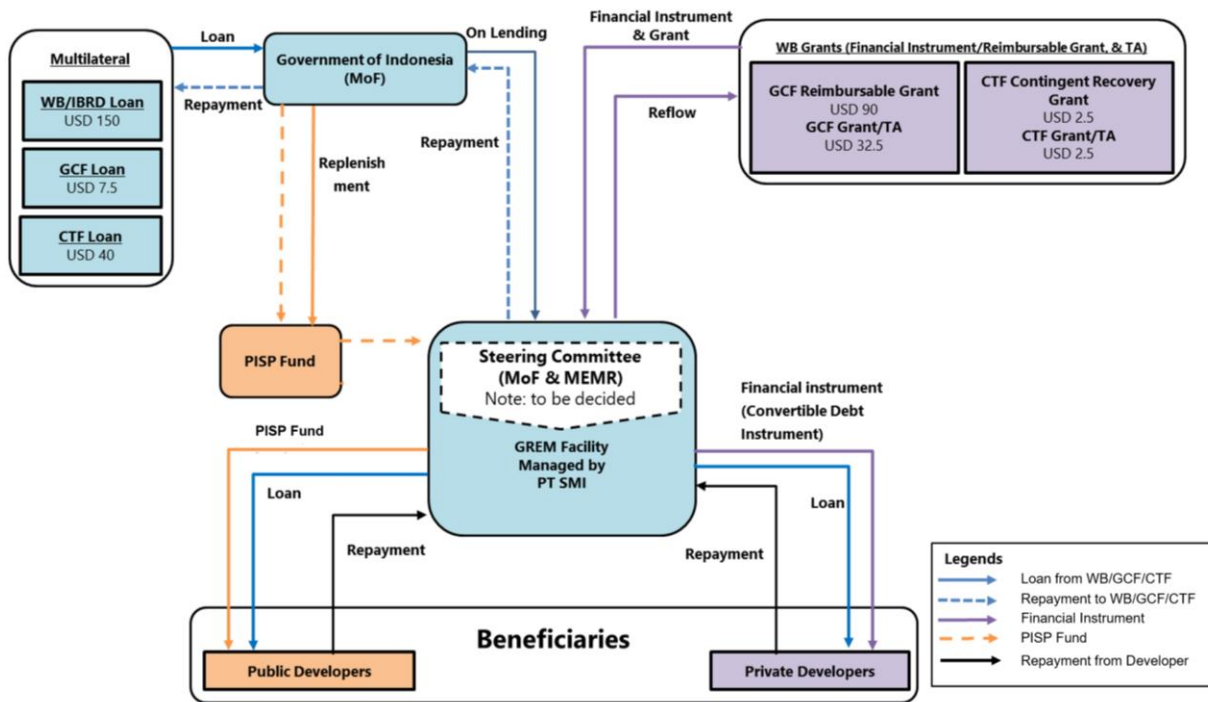
- (i) Enter a negotiation for a PPA with PLN (if the Developer has not benefited from pre-2017 regime grandfathering) or other transaction agreement (as applicable); and
- (ii) Obtain financing for production drilling and power plant development.

As such, the Facility provides the early-stage support needed to mobilize downstream financing by commercial and other financiers at scale. The target beneficiaries for the Facility are Developers with a geothermal drilling license or IPB (*Izin Panas Bumi*, or full development license) and a PSPE (Preliminary Survey and Exploration Assignment)³ drilling license. The Facility may also be extended under a co-borrowing scheme between the developer with the Sponsor or an affiliated company with a strong financial performance, as part of credit enhancement.

The institutional arrangement and flow of funds for GREM Public Sector Window and GREM Private Sector Window is presented in the following figure:

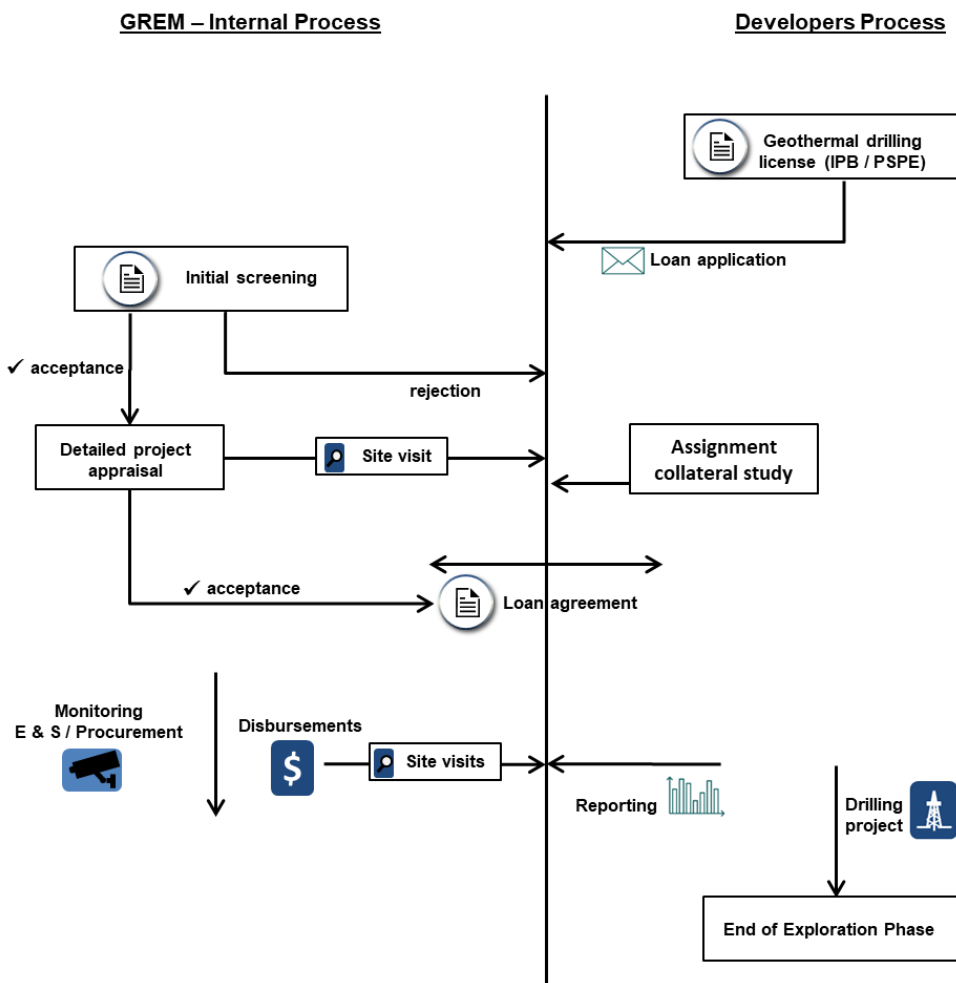
³ GREM facility for non-IPB license, including PSPE is still tentative and subjects to PT SMI's discussion and assessment

Figure 3-1. Overview of Institutional Arrangement and Flow of Funds



The following figure gives an overview of the processes regarding funding by GREM and the involved processes on GREM's and developers' site.

Figure 3-2. Overview on Internal and Developers' Process



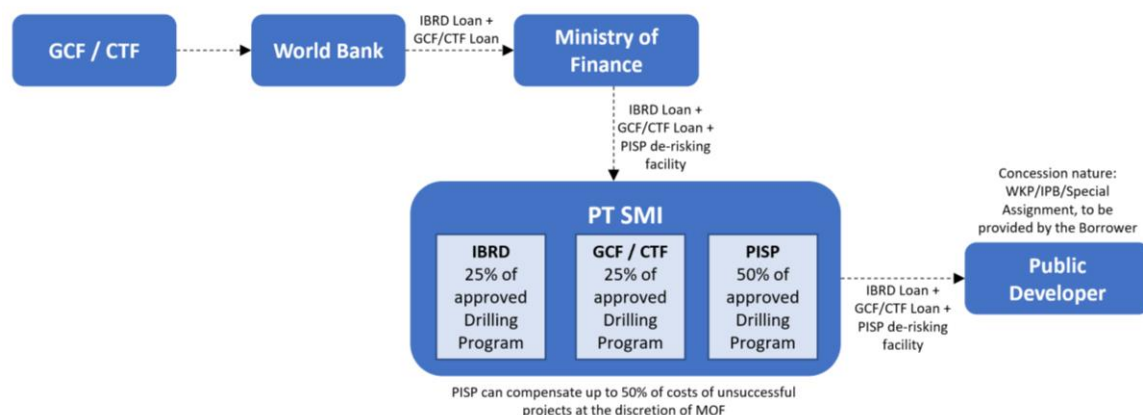
3.2 Public Sector Window

Under the Public Sector Window, for the purpose of exploration, PT SMI's support to public developers will be a combination of loan sourced from multilateral loans (IBRD, GCF, CTF) and de-risking facility sourced from PISP fund with maximum total aggregate limit of USD 30 million, with PT SMI's reasonable margin. PISP fund will be used to fund the de-risking component according to MoF Regulation No. 62/2017 ("PMK 62") and its amendment. To note that at the time of writing, the amendment or adjustment of PMK 62 is still under discussion. The detailed information related to the Public Sector Window herein will be updated upon issuance of PMK 62 amendment.

Public developers can apply for the GREM exploration facility when they have not conducted the exploration activities or if they have, the exploration results have not concluded whether the project is prospective or not. PT SMI will review such requests by applying the principles of project risk-sharing. Sponsors need to demonstrate that the exploration results from the past drilling are

inconclusive and/or due to the presence of other project risks, the involvement of GREM Facility will reduce the risk profile and enable resource confirmation to be completed.

Figure 3-3. Schematic Flow of Funds under Public Sector Window



Based on confirmation of positive exploration results, a 2-year loan under the GREM delineation or extended exploration facility can be provided at the discretion of PT SMI and with no objections of IBRD (at a maximum of US\$30 million) to finance delineation or extended exploration activities. For the developers who were granted the GREM exploration facility prior to accessing the delineation or extended exploration facility, they are not required to fully repay the financing of the initial exploration phase first before the financing of delineation or extended exploration activities is disbursed. There will be no forgiveness for loans that finance delineation or extended exploration activities. The developers will be required to commit Sponsor funds (i.e. equity) equivalent to at least 25 percent of the total cost of the delineation or extended drilling program for its Sub-Project.

Beneficiaries: Public entities, such as SOEs, SOE subsidiaries, or public service agencies.

To note that for Public Sector Window, the provisions of the facility including the eligible beneficiaries, financing instrument, application process, financing appraisal, and approval process are subject to the amendment or adjustment of MoF Regulation No. 62/2017. Thus, detailed information related to the Public Sector Window stated herein may later be updated to follow the provisions stated in the amendment of MoF Regulation No. 62/2017.

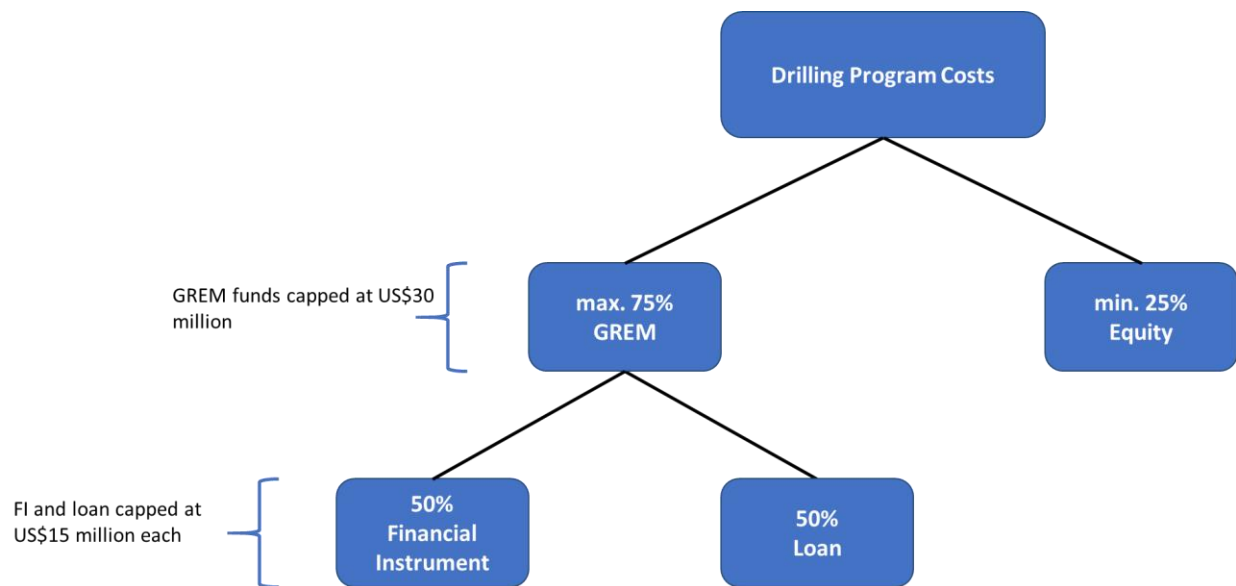
3.3 Private Sector Window

Under the Private Sector Window, PT SMI's support will be a combination on a 50/50 basis of a conventional loan and subscription to a financial instrument(s) (FI) to be issued by the Developer with maximum total aggregate limit of USD 30 million. The conventional loan is sourced from IBRD loan, while the subscription to FI is sourced from GCF Reimbursable Grant and/or CTF Contingent Recovery Grant.

Private developers can apply for GREM exploration facility when they have not conducted the exploration activities or if they have, the exploration results have not concluded whether the project is prospective or not. Sponsors need to demonstrate that the exploration results from the past drilling are inconclusive and/or due to the presence of other project risks, the involvement of GREM Facility will reduce the risk profile and enable resource confirmation to be completed.

The private developers will be required to commit Sponsor funds (i.e. equity) equivalent to at least 25 percent of the Total Drilling Program Costs⁴. Any incurred costs of the infrastructure assets of the working area under the drilling program and comprising part of the drilling program costs will be verified by PT SMI to be counted as the required 25% Equity In-Kind Contribution by the developer. In the verification process, PT SMI will be supported by an independent consultant, who will verify whether the drilling program costs are within the industry benchmark, and they have been actually incurred by the developers (for verification of equity contribution).

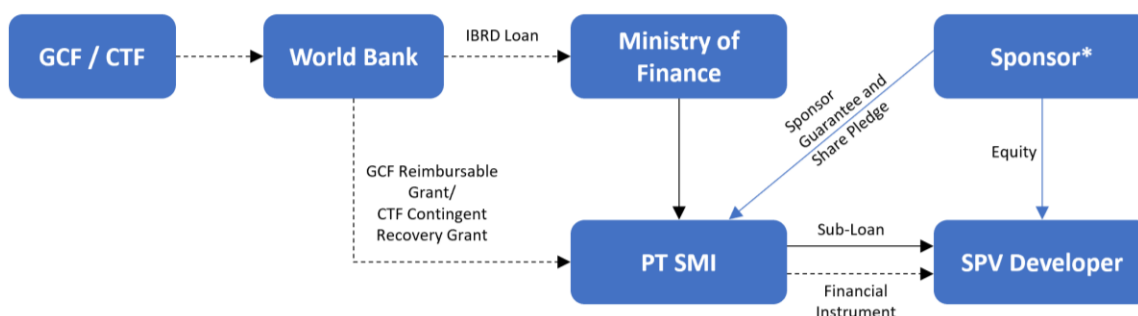
Figure 3-4. Financing Scheme Private Sector Window



⁴ Total Drilling Program Costs submitted by the developers at the financing application stage will be reviewed by PT SMI (with the support from an independent consultant) to verify the fairness of the cost estimation. PT SMI and the developers will agree on the Total Drilling Program Costs as part of the facility agreement.

The following figure provides an overview on the flow of funds.

Figure 3-5. Schematic Flows of Fund under Private Sector Window



*Sponsor can also act as a co-borrower together with the developer as part of credit enhancement.

Based on confirmation of positive exploration results, a 2-year loan can be provided at the discretion of PT SMI and with no objection of IBRD (at a maximum of US\$30 million) to finance delineation or extended exploration activities. For private developers who were granted the GREM exploration facility prior to accessing the delineation or extended exploration facility, they are not required to fully repay the financing of the initial exploration phase first before the financing of delineation or extended exploration activities is disbursed. There will be no forgiveness for loans that finance delineation or extended exploration activities. The developers will also be required to commit Sponsor funds (i.e. equity) equivalent to at least 25 percent of the Total Delineation or Extended Drilling Program Costs for its Sub-Project.

Beneficiaries:

Private geothermal developers for the financing of geothermal exploration, extended exploration and possibly delineation Sub-Projects. To receive financing under the GREM a new company (i.e. a special purpose vehicle - SPV) has to be set up to carry out the exploration: the SPV is implementing the Sub-Project as Developer, and the owner of the SPV who established the SPV is referred to as the sponsor (the “Sponsor”). On a case-by-case basis, the Facility may be extended under a co-borrowing scheme between the SPV with its Sponsor or an affiliated company with a strong financial performance, as part of credit enhancement.

Risk Mitigation Instrument:

The risk mitigation instrument for exploration proposed under the private-sector window is a combination of the two following parts, on a 50/50 basis (i) a conventional loan; and (ii) a financial instrument (FI).

The payments to PT SMI under the FI, and after the 4th anniversary of the FI, will be based on either the Notional Financial Instrument Value (NFIV is financial instrument face value plus 7% p.a. coupon or a minimum of 30%) or the Developer Fair Market Value (DFMV) based on pre-agreed calculations (minimum of US\$1). Payment to PT SMI under the FI will occur at that time

of the payment triggered by the Put, the Call or (resulting from the unlikely event of the enforcement of the share pledge) the Sale. The details on the DFMV can be referred to Annex 3.

All details on those two parts of Private Sector Window (Loan and FI) can be found in the respective term-sheets as included as Annex 2 and 3.

4 Eligibility Criteria

GREM Facility may provide financing to eligible public and private Developers for their eligible proposed Sub-Projects.

4.1 Eligible Sub-Projects

There are four broad categories of Sub-Projects eligible to access financing from GREM Facility:

- i. *Category 1:* Sub-Projects where the developer currently holds an IPB (Izin Panas Bumi, or geothermal development license) and has a signed PPA with PLN.
- ii. *Category 2:* Sub-Projects with respect to which an IPB has been awarded to the developer through a competitive tender of the WKP.
- iii. *Category 3:* Sub-Projects where the geothermal working area has been issued directly to an SOE and that SOE is seeking to partner with a private developer.
- iv. *Category 4:* Sub-Projects where the developer currently holds a PSPE (Preliminary Survey Assignments plus Exploration license)⁵, which precedes an IPB tender. Holding a PSPE license requires the Developer to drill at least one well.

4.2 Criteria for Developers

The following criteria shall be fulfilled by public and private developers to be eligible for financing under the GREM Facility.

- ✓ The Developer has a valid Geothermal license (or, in the case of joint ventures with PLN, has been given the rights to use a valid license⁶) of the type described in Section 4.1
- ✓ The Developer has been operating for a minimum of three years, or in the case of a new SPV, the Sponsor (at least one of the founding companies/parent companies/JV partners) has been operating for a minimum of three years
- ✓ The Developer has at least three years of audited financial statement or in the case of a new SPV, at least one of the founding companies/parent companies/JV partners has three years of historical financial statements, with minimum two years audited financial statement
- ✓ The Developer has geothermal exploration expertise, which may be its Sponsor's expertise (as indicated in project references) provided it is made available to the Developer or which may result from the recruitment of consultants (as indicated in the key personnel curriculum vitae)
- ✓ The Developer declares that neither it nor its Sponsor has ever been involved in, and after reasonable due diligence in accordance with PT SMI's internal financing procedure, PT SMI is not aware that the Developer or its Sponsor has ever been sanctioned for, activities related to money laundering and/or financing of terrorism (assessment of anti-money laundering and prevention of financing of terrorism)
- ✓ The Developer declares that neither it nor its Sponsor has ever been sanctioned under the World Bank Group Sanctions System⁶, and PT SMI, after reasonable due diligence in accordance with PT SMI's internal financing procedure and consultation with IBRD, is not

⁵ GREM facility for non-IPB license, including PSPE is still tentative and subjects to PT SMI's discussion and assessment

⁶ Information on the World Bank Group Sanctions System is publicly available at [www.worldbank.org](http://siteresources.worldbank.org/EXTOFFEVASUS/Resources/Two-Tier-Sanctions-brochure-Final.pdf), in particular at <http://siteresources.worldbank.org/EXTOFFEVASUS/Resources/Two-Tier-Sanctions-brochure-Final.pdf>

aware that the Developer or its Sponsor has ever been sanctioned under the World Bank Group Sanctions System

- ✓ The Developer provides environmental and social impact documentation and policy, which are considered acceptable by PT SMI, including for the purpose of complying with PT SMI's own environmental and social obligations to IBRD

In addition, the following eligibility criteria shall be fulfilled by private developers:

- The developer has a valid license (or, in the case of joint ventures with PLN, has been given the rights to use a valid license) to explore or exploit (through the Developer) the geothermal reservoir of a designated geothermal site;
- The sponsor provides at least 25 % of the Total Drilling Program Costs of the Sub-Project (including infrastructure costs) in the form of equity and commits to comply, throughout the implementation of the Sub-Project, with a maximum debt to equity ratio of the Developer of 3:1 (i.e. 75% debt for 25% of equity). Cost overruns to be covered by equity.
- The developer agrees to develop the site infrastructure required for the exploration drilling (i.e. access road and any other infrastructure development needed for the Sub-Project) prior to the effectiveness of the support provided by the Facility. If the financing of the cost of such site infrastructure development is contributed by developer's equity, this equity can serve to comply with the 25% equity ratio for the costs of the Sub-Project.⁷ Once the developer's investment plan is accepted and the ESIA is checked by PT SMI a provisional OK can be provided for infrastructure and site preparation to count as equity contribution.

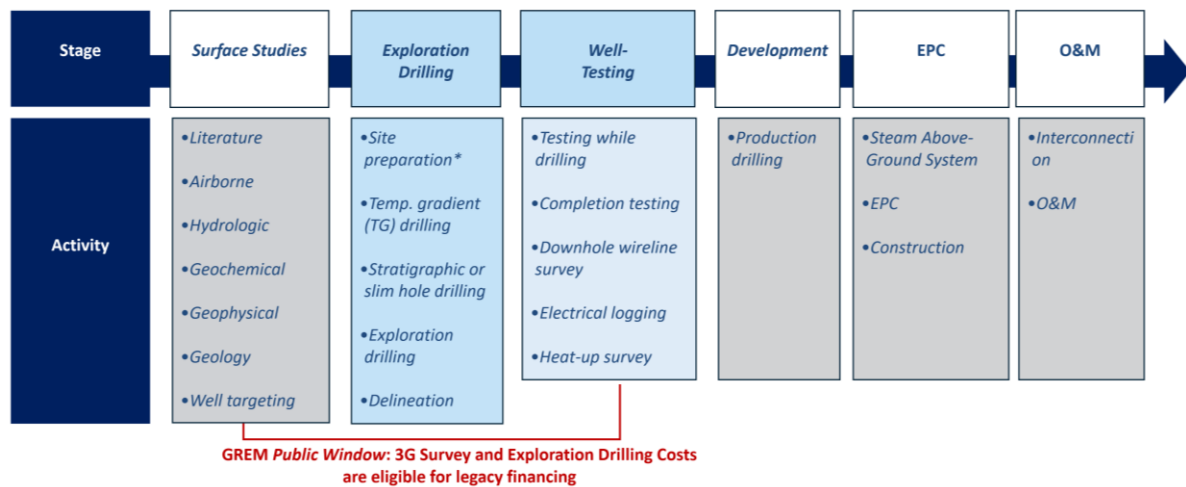
4.3 Public sector window

The following figure provides an overview on the eligible geothermal development stages and the related eligible activities under the GREM Facility for the public sector window⁸.

⁷ Subjected to a case-by-case basis, the Facility can also finance the costs of remaining site infrastructure (excluding land acquisition cost) needed for the Sub-Project, provided that the minimum 25% equity contribution has been fulfilled.

⁸ Eligible costs to be funded by the GREM Public Sector Window will be confirmed with MoF as this is related to the utilization of PISP fund as the de-risking facility. At the time of this document is prepared, the amendment or adjustment of PMK 62 is under discussion.

Figure 4-1. Eligible Activities for GREM Public Sector Window Financing Support



*The eligibility of site preparation costs under the GREM Public Sector Window is to be confirmed with the amendment or adjustment of PMK 62 revision

Infrastructure assets of the working area under the drilling program (subject to confirmation with MOF) and consultancy services associated with the eligible drilling activity are eligible for funding support under the GREM Public Sector Window. PT SMI with the support from an independent consultant will verify the fairness of costs submitted by the developers.

Public developers can apply for financing of 3G/preliminary surveys⁹ and exploration drilling costs¹⁰ that have been incurred using their own equity before the signing of GREM facility agreement between PT SMI and the developers. This is referred to as legacy financing (still within the maximum USD 30 million GREM facility). The legacy financing will be subjected to a maximum cap of 25% of the Total Drilling Program Costs¹¹ and will not cover any commitments or costs incurred prior to May 15, 2020¹². For this, the developers may submit to PT SMI a list of Preliminary Identification of Eligible Costs (PIEC) for legacy financing along with its financing application letter, provided that the payment date of the expenditures to be financed under the legacy financing are limited to a period of 12 months prior to submission of the PIEC (Annex 9), and the requirements regarding fulfilment of the World Bank's procurement regulations and

⁹ The availability of geoscience data / surveys is a requirement to apply to the Facility through MoF. Without these data, the application will not be processed by MoF.

¹⁰ Some general expenditures related to the exploration drilling costs that may be eligible for legacy financing include temperature gradient (TG) drilling, slim hole stratigraphic or slim hole drilling, exploration drilling, well testing, etc. The developers shall provide PT SMI with a more detailed list of expenditures related to the exploration drilling costs. PT SMI, assisted by an independent Technical Consultant, will review and verify to confirm whether the costs are eligible for GREM financing or not.

¹¹ Total Drilling Program Costs submitted by the developers at the financing application stage will be reviewed by PT SMI (with the support from an independent consultant) to verify the fairness of the cost estimation. PT SMI and the developers will agree on the Total Drilling Program Costs as part of the facility agreement.

¹² The GCF Proceeds shall not be used to finance any commitments or costs incurred prior to the Effective Date, unless approved by the Fund in advance in writing. The Funded Activity Agreement (FAA) between WB and GCF was signed on April 27, 2020 and became effective on May 15, 2020.

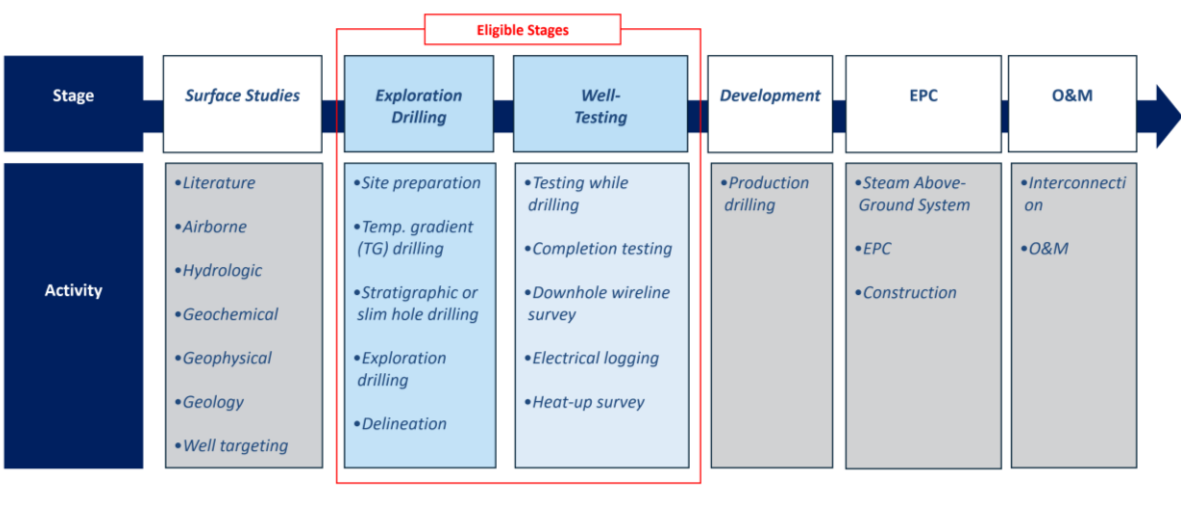
environmental and social safeguards are observed. In reviewing and verifying these costs, PT SMI will be supported by an independent consultant. The developers may submit the financing application letter and PIEC to PT SMI, in parallel with the completion of other required documents for GREM application. However, the formal due diligence by PT SMI will be counted upon receiving the complete required documents.

Legacy financing is also applicable under the GREM Facility for delineation or extended exploration. Public developers can apply for legacy financing of the incurred exploration and delineation or extended exploration drilling costs that have been paid using the Sponsor’s funds prior to the signing of the facility agreement for GREM delineation or extended exploration. The general eligibility criteria of costs that can be financed under legacy financing are the payment date of the expenditures are limited to a period of 12 months prior to submission of PIEC and the requirements regarding fulfilment of the World Bank’s procurement regulations and environmental and social safeguards are observed. The legacy financing for delineation or extended exploration is also capped at maximum 25% of total Delineation or Extended Drilling Program and will not cover any commitments or costs incurred prior to May 15, 2020¹³. Procurement regulations that shall be followed by the public developers are defined in Section 10.

4.4 Private sector window

The following figure provides an overview on the eligible geothermal development stages and the related eligible activities under the GREM Facility for the private sector window.

Figure 4-2. Eligible Activities for Private Sector Window Financing Support



Infrastructure assets of the working are under the drilling program and consultancy services associated with the eligible drilling activity are eligible for funding support under the GREM Private Sector Window. PT SMI with the support from an independent consultant will verify the

¹³ The GCF Proceeds shall not be used to finance any commitments or costs incurred prior to the Effective Date, unless approved by the Fund in advance in writing. The Funded Activity Agreement (FAA) between WB and GCF was signed on April 27, 2020 and became effective on May 15, 2020.

fairness of costs submitted by the developers as well as the fulfilment of required equity contribution (minimum 25% of Total Drilling Program Costs).

Subjected to a case-by-case review by PT SMI, and a no-objection from the World Bank, private developers can apply for legacy financing (still within the maximum USD 30 million GREM facility) for eligible exploration drilling costs¹⁴ incurred by the Sub-Project before the signing of GREM facility agreement between PT SMI and the developers. This legacy financing arrangement is also subject to the minimum 25% Equity In-Kind Contribution requirement has been met by the developers. The legacy financing will have a maximum cap of 25% of the Total Drilling Program Costs and will not cover any commitments or costs incurred prior to May 15, 2020¹⁵. For this, the developers may submit to PT SMI a list of Preliminary Identification Cost (PIEC) for legacy financing along with its financing application letter, provided that the payment date of the expenditures are limited to a period of 12 months prior to submission of the PIEC (Annex 9), and the requirements regarding fulfilment of the World Bank's environmental and social safeguards are observed. In reviewing and verifying these costs, PT SMI will be supported by an independent consultant. The developers may submit the financing application letter and PIEC to PT SMI, in parallel with the completion of other required documents for GREM application. However, the formal due diligence by PT SMI will be counted upon receiving the complete required documents.

In addition, private developers can also apply for legacy financing of the incurred exploration and delineation or extended exploration drilling costs that have been paid using the Sponsor funds prior to the signing of the facility agreement for GREM delineation or extended exploration as long as the minimum 25% of equity contribution has been fulfilled. The general eligibility criteria of costs that can be financed under legacy financing are the payment date of the expenditures are limited to a period of 12 months prior to submission of PIEC and the requirements regarding fulfilment of the World Bank's environmental and social safeguards are observed. The legacy financing is capped at maximum 25% of total Delineation or Extended Drilling Program and will not cover any commitments or costs incurred prior to May 15, 2020.

5 Application Process

Prior to the submission of the formal full application documents by the developers, PT SMI offers the possibility to all developers for a pre-screening of the Sub-Project. During the pre-screening the maturity of the project will be assessed, and guidance provided for preparation of the application documents covering all required information and documentation to enable a full assessment and consequently a financing of the project. During the pre-screening, PT SMI may

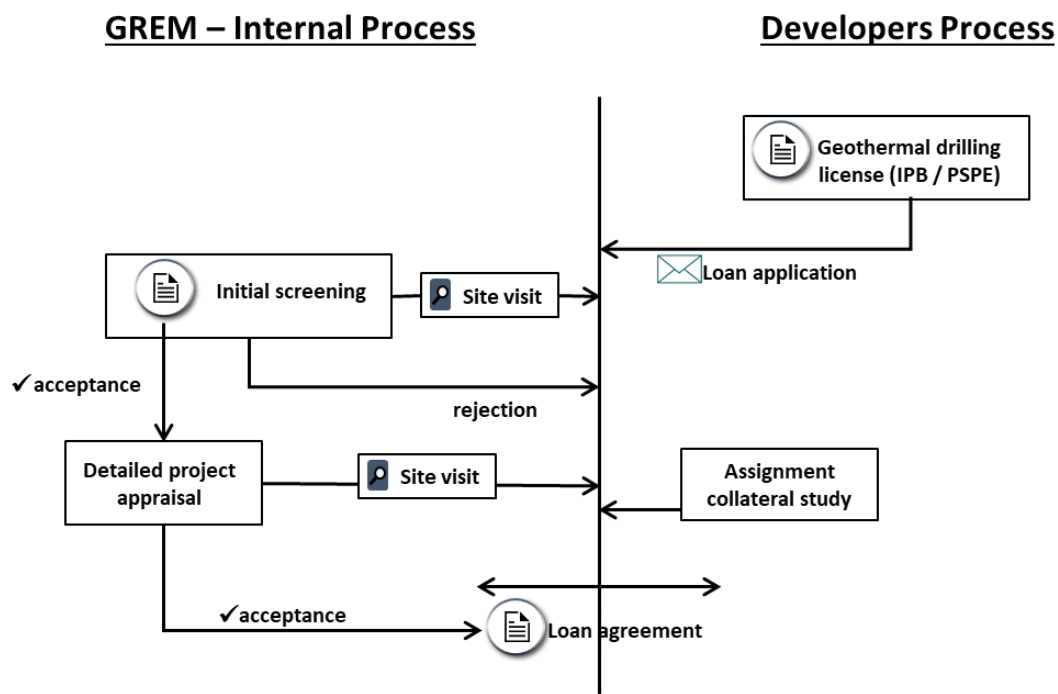
¹⁴ Some general expenditures related to the exploration drilling costs that may be eligible for legacy financing include temperature gradient (TG) drilling, slim hole stratigraphic or slim hole drilling, exploration drilling, well testing, etc. The developers shall provide PT SMI with a more detailed list of expenditures related to the exploration drilling costs. PT SMI, assisted by an independent Technical Consultant, will review and verify to confirm whether the costs are eligible for GREM financing or not

¹⁵ The GCF Proceeds shall not be used to finance any commitments or costs incurred prior to the Effective Date, unless approved by the Fund in advance in writing. The Funded Activity Agreement (FAA) between WB and GCF was signed on April 27, 2020 and became effective on May 15, 2020.

also guide the developers in compiling all documentation required for a full application. This pre-screening is optional and does not influence the general appraisal and approval procedure. Any feedback provided by PT SMI to the developer during this stage is done on a non-reliance and no liability basis.

Applications from Developers need to be submitted as paper version. Applications are reviewed in the order received and trigger the launching of an appraisal whose procedure and content is outlined in this Section. Costs related to the preparation of the application as well as to the negotiation process have to be borne by the Developers.

Figure 5-1. Overview on the Application Process



5.1 Financing Application

Applications have to be submitted in paper to the following locations:

Public Sector Window:

MINISTRY OF FINANCE

Dr. Wahidin Raya Street No.1

Jakarta 10710, Indonesia

Private Sector Window:

PT Sarana Multi Infrastruktur

Sahid Sudirman Center, Lantai 47-48,

Jl. Jend. Sudirman No.86, RT.10/RW.11, Karet Tengsin, Kota Jakarta Pusat,

Daerah Khusus Ibukota Jakarta 10220, Indonesia

Language of the application including all annexes is determined to be English or Bahasa Indonesia with English translation.

A Financing Application must comprise the following items (and any additional information that may be requested by PT SMI on a case-by-case basis) and be signed by an authorized representative of the developer:

(1) Request letter for financial support by the GREM facility

A free format letter on the developer's letterhead stating some relevant information including, but not limited to:

- i. Developer's or Developer's and Sponsor's name (if an SPV)
- ii. Type of the eligible entity (public, private, PPP)
- iii. Project Name and Location;
- iv. Geothermal License Status;
- v. Estimated Exploration Budget;
- vi. Estimated Drilling Program Costs;
- vii. Proposed (Maximum) Financing Amount under the GREM Facility
- viii. Name and contact details of the developer's contact person

(2) Developer's and Sponsor's information:

- i. Copy of information on company's legal status in Indonesia (latest Company's Registration Certificate (Akta Perusahaan)/ Company's deed of establishment / Articles of Incorporation;
- ii. Copy of legal information on company's business in Indonesia (Tanda Daftar Perusahaan, business license/SIUP/Izin Usaha Industry, Company Domicile Certificate/SKDP, tax registration number / NPWP);
- iii. Description of the company profile and organization structure, including management and shareholders as well as experience (CVs and track record) regarding development of geothermal power generation projects;
- iv. If applicable a joint venture agreement between cooperating parties;
- v. List of acting persons in the Management (full names, birthday and nationality);
- vi. Copy of the financial statements for the last three years (minimum of two year audited financial statements) of the Developer and the Sponsors (if the Developer is an SPV)

- vii. External credit rating (if applicable)
- viii. Key financial highlight, of the Developer and the Sponsors (if the Developer is an SPV)
- ix. Existing Developer's and the Sponsors' (if the Developer is an SPV) financing at PT SMI (if any)
- x. Developer's and the Sponsors' (if the Developer is an SPV) financing from banks and/or other financial institutions (other than PT SMI)
- xi. Declaration that the Developers and the Sponsors that they have not been involved in money laundering or the financing of terrorism activities, and has never been sanctioned under the World Bank Group Sanction System (see Annex 8)
- xii. QHSE (Quality, Health, Safety & Environment) standards of the company
- xiii. Head of Agreement/PPA with PLN (if any)
- xiv. Other documents requested by PT SMI, as appropriate

(3) Details of the sub-project

- i. Technical data and information:
 - a) Sub-Project background
 - b) Project progress (e.g. land acquisition status, contracting status, if applicable)
 - c) Complete surface studies results including information on topography, geology, surface manifestations, heat source, reservoir and recharge area, resistivity, conceptual model and preliminary resource capacity evaluation or resource assessment study
 - d) Map of the location including the status of the land, in particular in the forest area
 - e) Status of (condition) and planned infrastructure for implementation of the sub-project
 - f) Infrastructure budget (in any case) vs. actual (if actual spending has occurred) report
 - g) Drilling plan / work program and budget
 - h) Well data (geoscience & reservoir data) and complete drilling program (number of slim hole / reservoir confirmation wells, well objectives, well specifications (e.g. diameters, vertical or directional), depth, structural target or aquifer, concept well design and well targeting including justification), rig mobilization plan, geotechnical study, rig layout overlaid to wellpad, days vs depth (DVD) chart, well schematic, casing design review, well control procedure, stuck-pipe prevention program, downhole data acquisition plan, completion test procedure, well testing plan, drilling waste management, Covid-19 protocol for drilling operation.
 - i) Project schedule (gantt chart)
 - j) Historical drilling data and performance (if any)
 - k) Risks analysis and mitigation
- ii. Drilling project contract scheme (if any) as well as technical specifications of the drilling rig
- iii. Details on sub-project's contractors (if applicable, e.g. rig contractor, drilling service contractors, key personnel/consultants on drilling)

- iv. Staffing plan proving sufficient experience to conduct the applied for drilling program
- v. Capacity: How expertise is made available to the Developer in case it is not existing in house (especially if it is an SPV)
- vi. Offtaker situation and grid connection
- vii. Detailed cost estimate with detailed breakdown of costs regarding infrastructure (roads, water and power supply), project management, additional survey costs, mobilization and demobilization of rig, well pad preparation, drilling
- viii. Financial and economic data and information:
 - (i) Financing requirement and scheme
 - (ii) Detailed financial modelling and analysis
 - (iii) Detailed economic analysis (if any)
- ix. Permits/licenses (for permits/licenses not yet issued please provide details on the current status – date of submission of application, feedback received from authorities):
 - a) Documentation showing license for the Sub-Project's WKP
 - b) Environmental Impact Analysis / UKL-UPL (Upaya Pengelolaan Lingkungan Hidup - Upaya Pemantauan Lingkungan Hidup) and/or
 - c) AMDAL (Analisis Mengenai Dampak Lingkungan), as applicable depending on the project type
 - d) Related permits from the local government, Ministry of Environment and Forestry (MoEF) permits related to forest permit for protection or conservation forest (if applicable).
 - e) Environmental and Social Impact Assessment (ESIA) and Environmental and Social Management Plan (ESMP) of the Sub-Project
- x. Other documents requested by PT SMI, as appropriate

5.2 Application Review Procedure

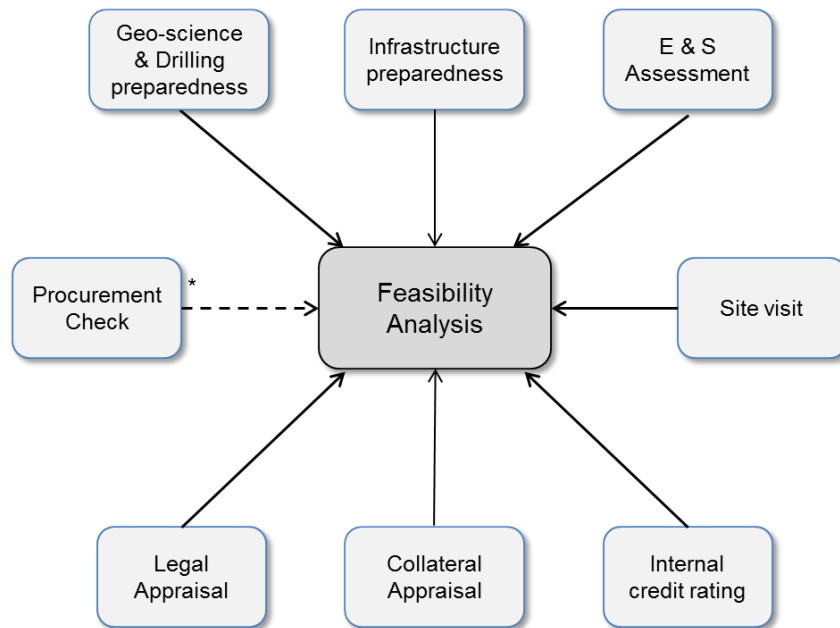
The appraisal is conducted based on a two-step approach. First step is an initial screening regarding the appropriateness of technical documents, validity of the geothermal license, appropriateness of environmental & social documents.

Following a positive initial screening which includes a first site visit a comprehensive evaluation of all submitted information is conducted which includes a further site visit to verify technical as well as environmental and social aspects. In addition, the developer (and sponsor) might be invited to meetings at PT SMI to present their sub-project and clarify open questions.

In addition, the developer has to assign an independent third party to conduct a collateral study. The third party shall be selected by the developer from a contractors list made available by PT SMI. The results of the study shall be communicated by the third party directly to PT SMI. The developer has to cover the expenses.

The components of feasibility analysis by PT SMI will include several aspects as described below:

Figure 5-2. The Components of Feasibility Analysis



* in case of public developer

Upon financing approval, DPB (Division of Sustainable Finance of PT SMI) issues a Financing Offering Letter (FOL), to the borrower with the following requirements:

- The letter includes financing structure required documents to be submitted, including various financing covenants.
- The letter is non-binding and PT SMI may modify and/or review at any times.

The letter is signed by the Management of PT SMI (*Direksi*) or officer(s) as authorized by the Management. Upon borrowers' signing of Financing Offering Letter, Financing Agreement process may be started.

Once the borrower has met all requirements or conditions precedent required for loan agreement signing, PT SMI will prepare a project specific financing agreement. After signing of the financing agreement, the Sub Borrowers open an account at a government-owned or commercial bank acceptable to PT SMI. The account shall be opened in the name of the Sub Borrowers and denominated in USD.

6 Facility Execution and Disbursement

Prerequisite for disbursements is the fulfilment of all pre-disbursement and disbursement conditions as determined in the financing agreement (see term sheet in Annex 2 and Annex 3). Payments will in general only be disbursed against the submission, receipt and acceptance of a withdrawal application (see Annex 100) and for payment including all supporting documents, such as approved budget expenditure plan¹⁶ or pro forma or actual invoices received for eligible activities and the achievement of certain milestones as defined in the disbursement schedule. In case of private Developers, the disbursement of the conventional loan and FI parts must be made in equal proportion for each disbursement.

Furthermore, every disbursement request will require the sub borrower(s) to qualify that they are within an acceptable bound of the pro-forma budgets as well as that the proponent and the project are in ongoing compliance with required procurement and safeguard management standards of the GREM.

Disbursement is paid out for eligible activities up to the loan and FI value set in the finalized Financing Agreement. Milestones and the loan and FI disbursement schedule are included in the Financing Agreement. The disbursement schedule is discussed and agreed between PT SMI and loan proponent during loan negotiation. In case of private Developers all disbursements must result in debt-to-equity ratio being maintained of not more than 75:25 (equity disbursement shall precede sub loan and FI disbursement so that the 75:25 arrangement is maintained).

7 Reporting Obligations

The following section defines the reporting obligations that have to be observed by the borrower. For the period between the first and last disbursements of loan and FI funds, PT SMI will conduct periodic reviews and site visits to crosscheck the sub-project progress. PT SMI will coordinate with the borrowers to conduct such field visits.

Reporting obligations are split into the following sections (the information can be provided within one document respectively separate reports each covering one of the sections):

(i) Technical information

Quarterly reports using the provided template (see Annex 4) regarding:

- Summary of activities during the reporting period
- Problems encountered and mitigation measures
- Scheduled activities for the following quarter
- Updated project schedule
- If applicable results of well testing

Furthermore, a final drilling and testing report (see Annex 5) must be submitted including information on:

- Project data (drilling rig and field set-up)
- Summary of activities

¹⁶ Budget expenditure plan is to be verified by external consultant and submission of report from the supervisory consultant which verifies the progress of exploration activities and the usage of fund from the previous disbursements used for the exploration activities is required for next disbursements

- Deviations from original drilling and testing plan (cost and duration)
- Well data (including master log)
- Well logging and testing
- Final End of Well Report (EOWR) from all drilling contractors (rig and drilling services)
- Incident investigation report (if any)

In addition, notifications (by email two weeks in advance) have to be submitted regarding the following milestones:

- Spud-in for each drilling
- Final TD (total depth) for each drilling
- End of well testing for each drilling

(ii) Financial information

- Once the project specific account (see chapter 5.2) is opened, the Sub Borrower shall prepare the IFR (6-month projection of fund needed for its exploration drilling Project implementation) based on the project schedule or disbursement schedule as agreed in the financing agreement between PT SMI and the Sub Borrowers. Templates of the IFR are provided in Annex 6.
- With the submission of the quarterly technical reports an update of the IFR has to be provided. Audited financial reports of the Sub Borrowers are to be submitted to PT SMI in accordance with the financing agreements.

(iii) Environmental & Social Information

- Monthly and quarterly reporting as defined in the monitoring and reporting chapter of the ESMF (see Section 9) and included in the quarterly progress report template (see Annex 4).

(iv) Procurement information (only public developer)

- Quarterly submission of an updated procurement plan (see Annex 7).
- Regarding reporting obligations during particular procurement processes please refer to Annex 1

8 Confidentiality

PT SMI, IBRD, GCF and further donors, MEMR, MoF and the technical consultants (stakeholders) will keep confidential the details of any application and any information made available in connection with further enquiries and/or discussions with the borrower. As contractual base a non-disclosure agreement will be signed between PT SMI and the sub-borrower.

9 Environmental and Social Safeguards

The full arrangement of Safeguards Management is described in detail in separate Environmental and Social Management Framework (ESMF) document (prepared in May 2018 and is available in PT SMI website: <https://www.ptsmi.co.id/wp-content/uploads/2019/06/ESMF-Geothermal-Resource-Risk-Mitigation-Project-GREM.pdf>). The ESMF also includes Resettlement Policy Framework (RPF) and the Indigenous Peoples Planning Framework (IPPF). This document details the environmental and social safeguard policies, principles, procedures, institutional arrangements, and workflows of PT SMI to guide the Public and Private Sectors (sub-borrowers) in avoidance, minimization, or mitigation of any adverse environmental or social impacts of infrastructure projects supported by the Facility.

The objective of the Environmental and Social Management Framework (ESMF) is to guide the management of the environmental and social issues arising from the implementation of the Facility. It states the relevant laws and policies of GoI and the World Bank, and lays out the principles, rules, procedures and institutional arrangements to screen, assess, plan and implement the required measures to mitigate the environmental and social impacts of the investments under the Facility. In particular, it lays out the environmental and social planning requirements for the investment proposal development by the sub-borrowers and the E&S management responsibilities of PT SMI in the review, approval and implementation monitoring of the E&S plans.

The purpose of the Environmental and Social Management Framework is to ensure that all stakeholders involved in the project comply with the requirements, procedures and regulations related to environmental management in accordance to prevailing GOI regulations and supplemental provisions in compliance with relevant World Bank Safeguard Policies. It focuses both on the environmental and social impacts of drilling and testing, as the impacts of associated facilities. It provides implementation arrangements and budgets for PT SMI and sub-borrowers (private and public sector).

10 Procurement for Public Sector Sub-borrowers

This section details the principles, policies, general instructions, guidelines, and procedures to be followed by GREM public sub borrowers for procurement of goods, works and services. The principles and process of procurement enunciated in these guidelines comply with modern procurement laws that envisage increased transparency and the creation of a competitive market environment for bidders. These guidelines establish and document uniform policies and procedures across the GREM portfolio.

They are intended to help and instruct GREM sub borrowers, and procurement officials in any GREM-funded procurements undertaken, whether of goods, works or services. However, the specific rights and obligations of sub borrowers and of the providers of goods, works, and services are to be determined by the bidding documents, and by the contracts signed with providers of goods, works, and services and not by these guidelines.

Procurement under the Project will be carried out in accordance with the World Bank's "Procurement Regulations for Investment Project Financing (IPF) Borrowers: Procurement in Investment Project Financing for Goods, Works, Non-Consulting and Consulting Services" dated July 2016, revised on November 2017 and August 2018 (World Bank Procurement Regulations)¹⁷ and the provisions stipulated in the Financing Agreement.

At a later date, a Technical Procurement Guideline (*Petunjuk Teknis Pengadaan*) of GREM will be developed to specify further World Bank's, PT SMI's and Sub Borrower(s)' roles, responsibility and activity in doing procurement under the Facility, with reference to the World Bank Procurement Regulations.

For detailed information on the procurement regulations applicable to public developers please refer to Annex 1.

¹⁷ <http://pubdocs.worldbank.org/en/178331533065871195/Procurement-Regulations.pdf>

11 Technical Assistance and Capacity Building

Technical Assistance and Capacity Building will be offered to Sub-Borrowers regarding issues of E&S (both public and private Developers) and procurement procedures (only public Developers). The timing and content of related workshops will be communicated through the project whenever need is identified by PT SMI.

For procurement:

- Provide support in the form of workshops, training, and technical assistance as needed to strengthen Sub Borrowers' capacity for carrying out procurement and contract management under the Sub-Project.
- Provide socialization and guidance to public Sub Borrowers related to project implementation, including the applicable procurement procedures under the Project.

For E&S:

- Provide or organize training to sub borrowers, if necessary, on the implementation of safeguards instruments and the PT SMI safeguards management system.
- Provide awareness raising on ESMF, RPF, IPPF and PT SMI ESMS for the project. This will occur at the launch workshop and on an ad hoc basis as required through the project.

Annex 1 Procurement Regulations (Applicable for Public Sector Window)

A.1.1 Guiding Principles for Procurement

While in practice the specific procurement rules and procedures to be followed in the implementation of a project depend on the circumstances of the case, the following procurement principles generally guide PT SMI decisions under the World Bank Procurement Regulations: value for money, economy, integrity, fit for purpose, efficiency, transparency and fairness.

A.1.2 Advance Contracting and Retroactive Financing

PT SMI and sub borrower may wish to proceed with the procurement process before signing the Financing Agreements. In such cases, if the eventual contracts are to be eligible for World Bank sourced financing, the procurement procedures, including advertising, shall be consistent with Sections I, II and III of the World Bank Procurement Regulations. PT SMI and/or sub borrowers undertake such advance procurement at its own risk, and any concurrence by the Bank on the procedures, documentation, or proposal for award of contract, does not commit the Bank to finance the project in question.

If the contract is signed, reimbursement by the World Bank of any payments made by PT SMI and/or sub borrowers under the contract prior to loan signing is referred to as retroactive financing and is only permitted within the limits specified in the Financing Agreements.

A.1.3 Procurement Carried out by Sub Borrowers under Component 1

It is expected that the Public Sub Borrowers as beneficiaries of the financing will use the proceeds for their projects mainly involving procurement of goods, works, consulting services, and non-consulting services related to drilling and drilling services following the World Bank Procurement Regulations. Most of the works, non-consulting services, and goods contracts are expected to fall under the national open competitive procurement method.

In doing their procurement, the SOE public sub borrowers follow the guidelines set by the MSOE as well as each SOE's internal procurement guideline and regulation. The guidelines set by MSOE is the following:

- i. MSOE Regulation No. PER-05/MBU/2008 regarding General Guideline of Goods and Services Procurement of State-Owned Enterprise
- ii. MSOE Regulation No. PER-15/MBU/2012 regarding Amendment of M SOE Regulation No. PER-05/MBU/2008 regarding General Guideline of Goods and Services Procurement of State-Owned Enterprise

PT SMI checks and reviews each sub borrower's procurement practice and guidelines to ensure compliance and consistency to the World Bank Procurement Regulations and Financing Agreement between PT SMI and public sub borrower(s). If there are discrepancies between the World Bank's Procurement Regulations and MSOE's guideline and/or each sub borrowers' procurement regulations, the World Bank Procurement Regulations shall prevail. If no guidance is found in the World Bank Procurement Regulations for specific procurement-related matters, sub borrowers may refer to MSOE's regulations and/or each internal procurement guidelines.

There may also be some contracts for works and non-consulting services requiring the use of open international competitive procurement method, in which the World Bank's Standard Procurement Documents shall be used and minimum contract conditions as specified in the Annex IX in the World Bank Procurement Regulations shall be applicable.

For each Sub Project, PT SMI will:

- ✓ Assess the capacity of Public Sub Borrowers to carry out procurement effectively
- ✓ Ensure internal procurement guideline and practice are consistent with the World Bank Procurement Regulations
- ✓ Assist Public Sub Borrowers in preparing Project Procurement Strategy for Development (PPSD) and Procurement Plans
- ✓ Approve acceptable PPSP and Procurement Plan for each Public Sub Borrowers
- ✓ Undertake supervision and oversight to ensure that all procurement processes carried out by Public Sub Borrowers are in compliance with the World Bank Procurement Regulations and other agreed procedures
- ✓ Monitor overall procurement performance
- ✓ Maintain all relevant records

PT SMI will also provide support to the public Sub Borrowers in the form of workshops, training, and technical assistance as needed to strengthen Sub Borrowers' capacity for carrying out procurement and contract management under the Sub-Project.

PT SMI will also provide socialization and guidance to Public Sub Borrowers related to project implementation, including the applicable procurement procedures under the Project. With assistance from procurement consultants, PT SMI will ensure that procurement processes carried out both internally and by Public Sub Borrowers are in accordance with the World Bank Procurement Regulations and other agreed methods.

For contract packages under the Public Sub Borrowers, the sub borrowers shall prepare PPSP and a procurement plan that shall be submitted and reviewed by PT SMI before they start the procurement process. The procurement plan should be prepared to cover all activities for eighteen (18) months, which can be updated later at least annually or more frequently depending on the needs during the project implementation.

Depending on the value of the contract and the type of procurement, specific contract packages may be subject to mandatory prior review by PT SMI. The specific thresholds and conditions are outlined in Table 1.

Table 1 Specific Threshold and Conditions for procurement

Expenditure Category	Contract Value (USD)	Procurement Method	Prior Review by PT SMI
Works	≥25 million	International Open	All contracts
	200,000 – 25 million	National Open	All contracts ≥ US\$ 5 million
Goods	≥ 2 million	International Open	All contracts

	100,000 – 2 million	National Open	All contracts ≥ US\$ 1.5 million
Non-Consulting Services	≥ 10 million	International Open	All contracts
	100,000 – 2 million	National Open	All contracts ≥ US\$ 1.5 million

The procurement process shall be the responsibility of the Public Sub Borrowers, including the contract implementation. For the prior review contract, the Public Sub Borrowers shall submit the draft bidding document including invitation for bids and Bid Evaluation Report (BER) for PT SMI's review and no objection. Prior/post review contract will be determined in the procurement plan prepared by each Public Sub Borrower and approved by PT SMI.

A.1.3.1 Prior Review by PT SMI

For both open competitive international and national procurement method subject to prior review, the following documents shall be submitted by the Public Sub Borrower for PT SMI's prior review and issuance of No Objection Letter (NOL):

- If Prequalification / Initial Selection¹⁸ is used, the invitation to prequalify / be initially selected, the prequalification / initial selection document, (including any amendment(s) to them) and the prequalification / initial selection evaluation report. For Consulting Services, the request for expressions of interest (REoI), including the complete TOR, and the Shortlist assessment report;
- The request for bids / request for proposals documents, including any amendment to them
- The first request by the Sub Borrower to Bidders / Proposers / Consultants to extend the Bid/Proposal validity period, if it is longer than four (4) weeks, and all subsequent requests for extension, irrespective of the period;
- The Bid/Proposal evaluation report and recommendations for contract award, including documents demonstrating that any procurement complaints have been addressed to the satisfaction of PT SMI. In two-envelope or multistage selection processes, the Sub Borrower submits the Bid/Proposal evaluation report for each envelope/stage for PT SMI's prior review and no-objection letter issuance before proceeding to the next stage of the procurement process;
- All requests for cancellation of a procurement process and/or rebidding/re-invitation of proposals;
- The Sub-Borrower shall not proceed with the next stage/phase of the procurement process, including with awarding a contract without receiving from the PT SMI's confirmation of satisfactory resolution of Complaint¹⁹. If, after the PT SMI's prior review and no-objection, analysis of a complaint leads the Sub Borrower to change its contract award recommendation, it submits for the PT SMI's no-objection the reasons for that decision and a revised evaluation report;
- If the procurement process involves negotiations between the Sub Borrower and Bidder/Proposer/Consultant, the minutes of negotiations and the draft contract initialled by

¹⁸ Please refer to IPF Borrowers Procurement Regulations for conditions where PQ/IS is used.

¹⁹ A procurement-related complaint as described in Paragraphs 3.26 to 3.31 and Annex III, Procurement-related Complaints, in the IPF Borrowers Procurement Regulation.

both parties. If probity audit was required, the minutes of negotiations should be submitted with the probity audit report;

- If Best and Final Offer (BAFO)²⁰ is used the evaluation report prior to requesting BAFO and the final evaluation report prior to award of contract; and
- If requested by PT SMI, the Contract Management Plan, including the Key Performance Indicators (KPIs); also, if requested by PT SMI, ongoing reports of progress based on the agreed KPIs.

For procurement subject to prior review, the sub borrowers shall not continue to the next steps in the procurement process unless the documents above have been submitted to PT SMI and PT SMI has issued NOL.

A.1.3.2 Selection Methods for Goods, Works and Non-Consulting Services

It is expected that in terms of market approach, most procurements will fall under the category of “open competition” and “approaching the national market”. In certain situations (e.g. depending on the procurement value threshold), “approaching the international market” may be applicable. Any approach, other than open competition, shall be justified by the Public Sub Borrowers and such approach shall be stated in the Procurement Plan.

Under the category of national and international open competition, the following three selection methods can be chosen, according to the nature and complexity of the procurement:

1. Request for Proposal (RFP): a competitive method for the solicitation of proposals. It should be used when, because of the nature and complexity of the Goods, Works, or Non-Consulting Services to be procured, the Public Sub Borrower’s business needs are better met by allowing Providers of Goods & Services to offer customized solutions or proposals that may vary in the manner in which they meet or exceed the requirement of the request for proposals document. The World Bank Procurement Regulations recognize three models of RFP – it is expected that most procurement under the sub projects will fall under model 1 (Two Stages following Initial Selection) and model 2 (streamlined).
2. Request for Bid (RFB): a competitive method for the solicitation of offers. It should be used when, because of the nature of the Goods, Works, or Non-consulting Services to be provided, the Public Sub Borrower is able to specify detailed requirements to which bidders respond in offering bids. There are two types of RFB: (1) One envelope; (2) Two envelopes. RFB may or may not use a prequalification, depending on the nature and complexities of the job.
3. Request for Quotations (RFQ): a competitive method that is based on comparing price quotations from firms. This method may be more efficient than the more complex methods for procuring limited quantities of readily available off-the-shelf Goods or Non-Consulting Services, standard specification commodities, or simple civil Works of small value.

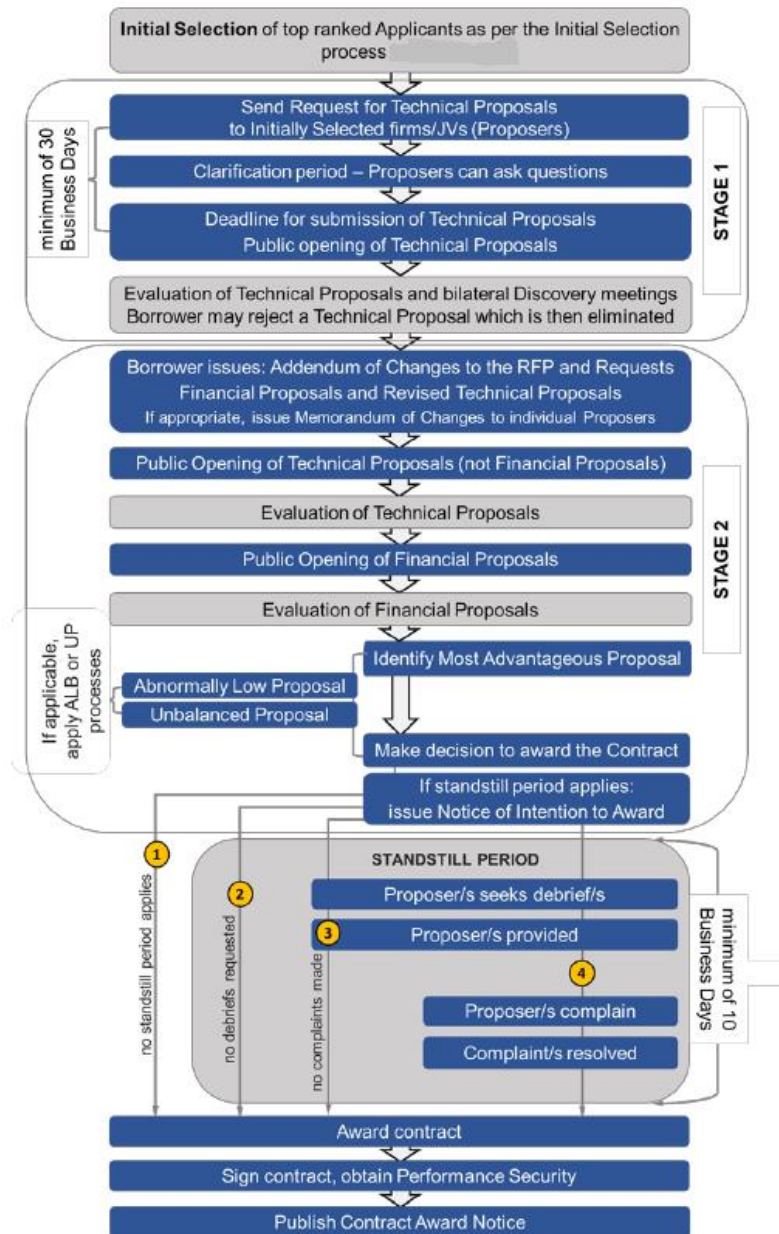
²⁰ Please refer to IPF Borrowers Procurement Regulations for conditions where BAFO is used

A.1.3.3 Procedures for the Selection Methods of Goods, Works and Non-Consulting Services

A.1.3.3.1 The two RFP selection methods are set out in Section A.1.4

Figure A-1 below depicts the procedures to do RFP model 1 method.

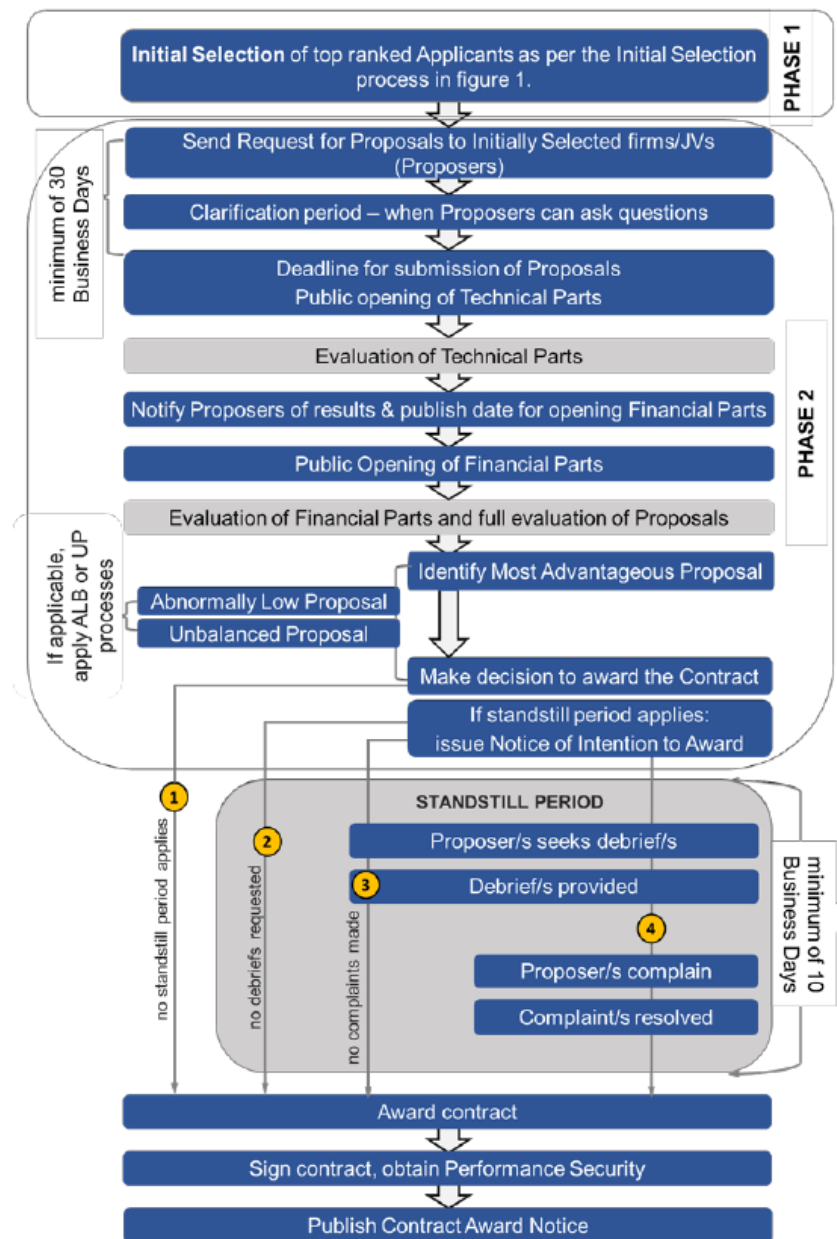
Figure A- 1. RFP Model 1 selection method



Source: World Bank's IPF Borrowers Procurement Regulations

A-2 below depicts the procedures to do RFP model 2 method. A more detailed explanation of these two models, including a step-by-step process, is explained in 0.

Figure A- 2. RFP Model 2 Procedures



A.1.3.3.2 Request for Bid (RFB) procedures

Depending on the nature and complexities of the goods, works and services, the Public Sub Borrowers may choose to do a prequalification. If prequalification method is chosen, the Public Sub Borrowers use the applicable Bank's Standard Prequalification Document or other formats acceptable to PT SMI.

If prior review by PT SMI is applicable, and prequalification is part of the RFB, the invitation to prequalify, the prequalification document, (including any amendment(s) to them) and the prequalification evaluation report shall be submitted to PT SMI for review and NOL issuance.

The figures below depict the bidding process for RFB one envelope and two envelopes, respectively.

Figure A- 3. RFB One Envelope method (without Prequalification), including PT SMI's prior review, if applicable

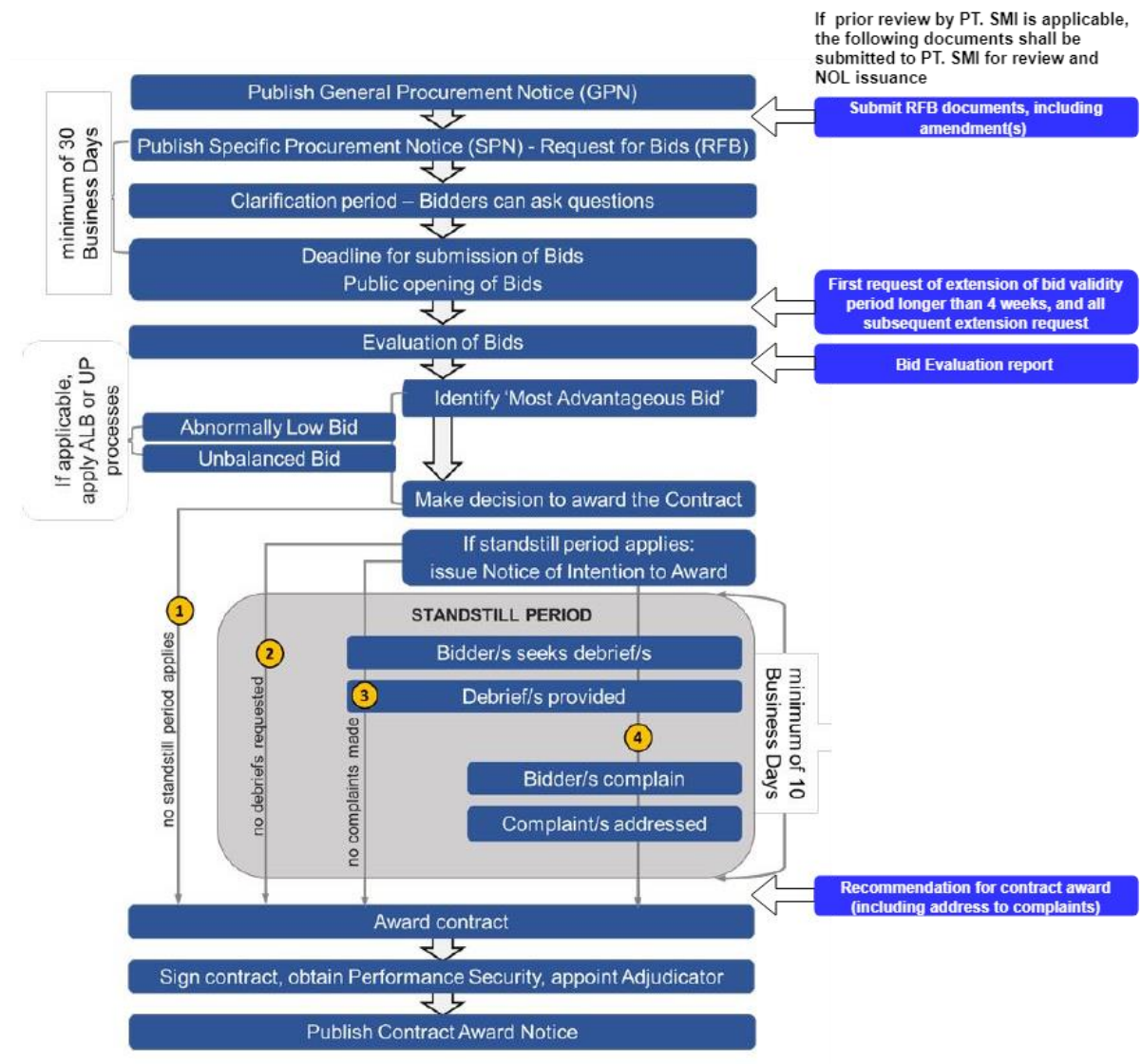
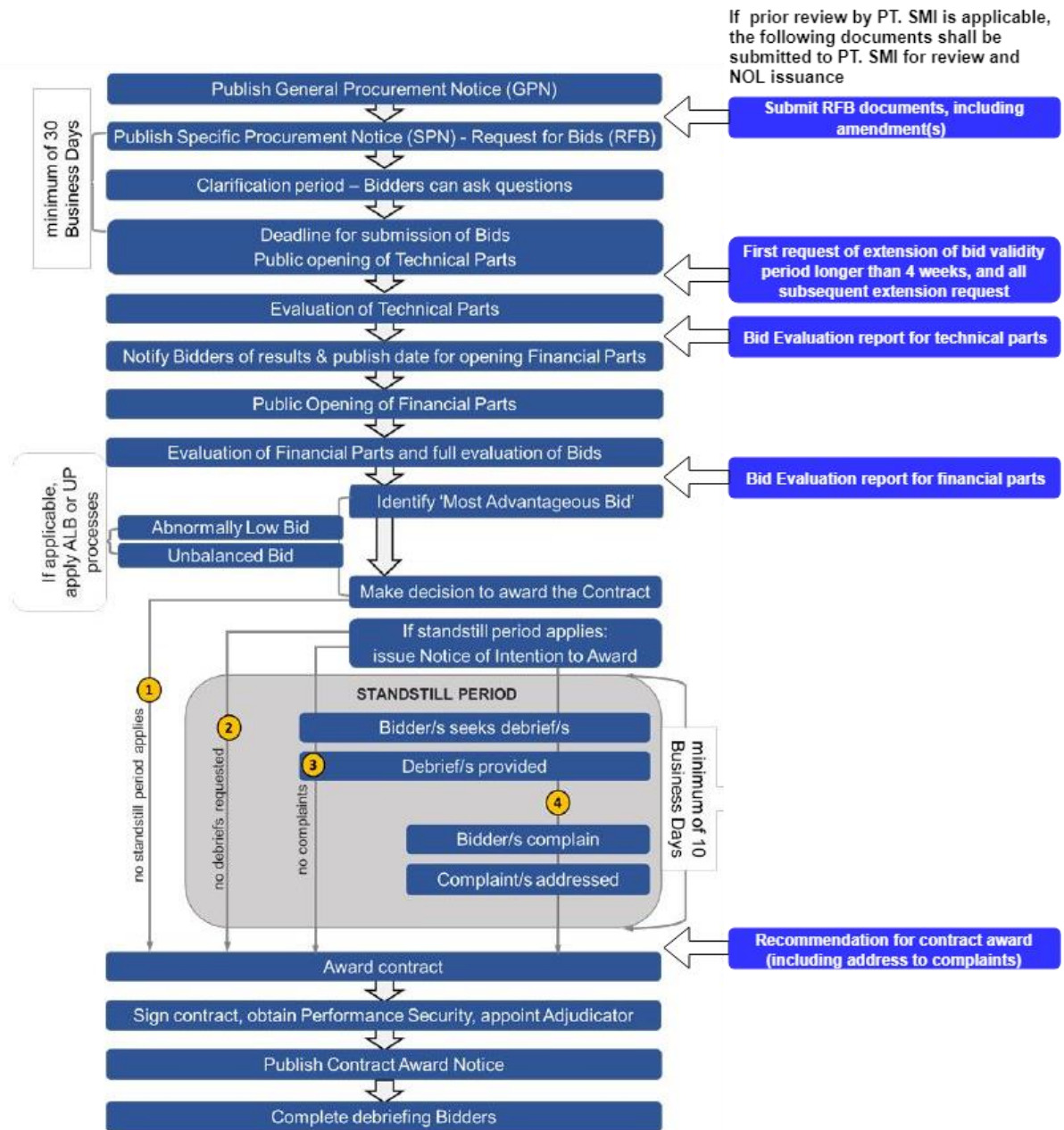


Figure A- 4. RFB two envelopes method (without prequalification), including PT SMI prior review, if applicable



A.1.3.3.3 Request for Quotations (RFQ) procedures

RFQ procedures follow the steps below:

Table 2 RFQ procedures

Step #	Description	Responsible parties
1	Solicit for quotations through advertisement in various media or acceptable public channel (internet website) or, when limited competition is justified, through a request for quotations (RFQ) to a limited number of firms. To ensure competition, the Public Sub Borrower should request quotations normally from not fewer than three (3) firms.	Public Sector Sub Borrower
2	If prior review by PT SMI is applicable: submit the RFQ document for PT SMI's review and NOL issuance.	Public Sector Sub Borrowers

Step #	Description	Responsible parties
		Reviewer: PT SMI
3	The bidder submits quotations at the latest on the deadline set by the RFQ document.	Bidder
4	Evaluation of quotations: the evaluation of the quotations and contract award shall be carried out according to the criteria specified in the RFQ.	Public Sector Sub Borrower
5	If prior review by PT SMI is applicable , the quotations evaluation report and recommendation of contract award shall be submitted to PT SMI for review and NOL issuance.	Public Sector Sub Borrower Reviewer: PT SMI
6	Contract award: Public Sub Borrower transmits its Notice of Intention to Award the Contract to the bidders. The terms of the accepted quotation shall be incorporated in a contractually binding document. The Public Sub Borrower shall keep records of all proceedings regarding RFQs.	Public Sector Sub Borrower
7	If Negotiation is conducted and if prior review by PT SMI is applicable, the minutes of negotiations and the draft contract initialed by both parties, if any, shall be submitted to PT SMI for review and NOL issuance. If BAFO is conducted, and if prior review by PT SMI is applicable, the evaluation report prior to requesting BAFO and the final evaluation report prior to award of contract shall be submitted to PT SMI for review and NOL issuance.	Public Sector Sub Borrower Reviewer: PT SMI

A.1.3.3 Cancellation of Bidding

All cancellation of bidding must be authorized by PT SMI. Failure of bidding process or no offering which meets the requirement must be reported to PT SMI in writing to get a recommendation. Cancellation of bidding because of that reason is prohibited to be done without authorization from PT SMI.

A.1.3.4 Recommendation of Contract Award

No contract shall be awarded to firms or individuals currently included on the Bank's debarment list or temporary suspension list. Sub borrowers shall consult with PT SMI before awarding contracts to contractors or suppliers to ensure that selected firms or individuals are not included in the above two lists.

A.1.3.5 Procurement Post-Review

PT SMI will carry out the procurement ex-post review randomly to post-review contract during supervision mission annually. Post-review is similar in scope to prior review, but is carried out only on a preselected proportionate sampling basis, either on procurement documentation submitted to PT SMI or retained by sub borrowers. For this purpose, public sub borrowers shall keep all documents related to the procurement process and contract implementation in their project files.

Public Sub Borrowers shall also retain all documentation with respect to the procurement process and implementation of all contracts up to two years after the closing date of the Financing Agreements. This documentation would include, but not be limited to:

- Procurement Plans
- Cost Estimates
- Copies of advertisements, procurement documents, amendments, and minutes of pre-bid

- meetings
- Originals and copies of submitted bids, BERs, minutes of evaluation, letters of notification of intention to contract award, and Letters of Acceptance
- Originals and copies of signed contracts, amendments, and Notices to Commence
- Copies of completion certificates, invoices and payments, and all correspondences with contractors/suppliers
- Any other procurement and contract documents related to contract packages

A.1.4 RFP Selection Procedures

This section contains the two type of RFP selection methods expected to be mostly used during the implementation of GREM, namely:

- RFP Model 1 (with initial selection and two stages)
- RFP Model 2 (with initial selection, streamlined)

Table A- 1 RFP Model 1 (two stages) procedures

Step #	Description	Responsible parties
1	<p>Initial selection: follow the following steps to carry out Initial Selection process when using the RFP method:</p> <ul style="list-style-type: none"> Initial Selection Documents: prepare the initial selection document, using the applicable Bank's Standard Initial Selection Document Specific Procurement Notice (SPN): prepare the SPN inviting applications for Initial Selection, using the Bank's applicable template, or template acceptable to PT SMI and the WB, for such notices. Clarifications and addenda: respond to any request for clarifications from prospective applicants in writing, and forward a copy of the response to all prospective applicants. Any amendment to the initial selection document that the Public Sector Sub Borrower deems necessary as a result of additional/modified information or clarifications shall be in writing and be communicated in writing to all prospective applicants; Initial Selection Application submission and opening: Applications are to be submitted by the deadline; however, the Public Sector Sub Borrower may accept applications received after the deadline for submission of applications, unless otherwise specified in the initial selection document. The Public Sector Sub Borrower prepares a record of the opening of applications and distributes a copy of the record to all applicants; Evaluation of Applications: evaluate Initial Selection Applications on the basis of the criteria specified in the initial selection document. Firstly, applicants are assessed against qualifying criteria. All applicants that meet the qualifying criteria are ranked based on an assessment against rated criteria. The highest ranked applicants, to be invited to participate in the next stage of the procurement, are selected in accordance with the procedures specified in the Initial Selection Document; and Communication of Initial Selection results: communicate the results of the Initial Selection process to all applicants. 	Public Sector Sub Borrower
2	If prior review by PT SMI is applicable: submit the invitation to prequalify / be initially selected, the prequalification / initial selection document, (including any amendment(s) to them) and the prequalification / initial selection evaluation report for PT SMI's review and NOL issuance	Public Sector Sub Borrowers Reviewer: PT SMI
3	Stage 1 Request for Proposals: prepare the request for proposals document, using the Bank's Standard Request for Proposals document or other formats acceptable to PT SMI	Public Sector Sub Borrower
4	If prior review by PT SMI is applicable: submit the RFP document for PT SMI's review and NOL issuance	Public Sector Sub Borrower Reviewer: PT SMI
5	Issue Request for Proposals: issue the request for proposals document to all initially selected applicants (the result of Initial Selection in step #1) to submit technical proposals only	Public Sector Sub Borrower
6	Initially selected applicants to submit technical proposals only	Proposer
7	Clarifications and amendment(s): provide clarifications and amendment(s) in writing in accordance with Paragraphs 5.31 and 5.32 (Clarification of Procurement Documents) in WB's Procurement Regulations	Public Sector Sub Borrower
8	If amendments to the RFP documents are made, and if prior review by PT SMI is applicable, then the amended RFP documents shall be submitted to PT SMI for review and NOL issuance	Public Sector Sub Borrower Reviewer: PT SMI
9	Technical Proposal submission deadline and opening: meeting the requirements of Paragraphs 5.36 and 5.37(Bid/Proposal Preparation Period and Submission), and 5.40 to 5.48(Bid/Proposal Opening), as applicable;	Public Sector Sub Borrower

Step #	Description	Responsible parties
10	If the Public Sector Sub Borrower requests to extend the proposal validity period longer than four weeks (first request), and all subsequent requests for extension, and prior review by PT SMI is applicable, such requests shall be submitted to PT SMI for review and NOL issuance	Public Sector Sub Borrower Reviewer: PT SMI
11	Proposal evaluation: based on the evaluation criteria specified in the request for proposals document;	Public Sector Sub Borrower
12	Determination of responsiveness: according to the requirements of the request for proposals document	Public Sector Sub Borrower
13	Discovery Stage (Meetings, Clarifications and Addendum of Changes): examine the technical proposals and may seek clarifications from proposers in writing. The Public Sector Sub Borrower conducts one-on-one meetings with each proposer to probe, challenge and clarify the proposed technical proposal.	Public Sector Sub Borrower & Proposer
14	If prior review by PT SMI is applicable, the technical evaluation report shall be submitted to PT SMI for review and NOL issuance	Public Sector Sub Borrower Reviewer: PT SMI
15	Stage 2 Technical and Financial Proposals: <ul style="list-style-type: none"> Proposal submission deadline and opening: shall meet the requirements of Paragraphs 5.36 and 5.37 (Bid/Proposal Preparation Period and Submission), and Paragraphs 5.40 to 5.48 (Bid/Proposal Opening) in the Procurement Regulations, as applicable. Proposals shall be submitted prior to the expiry of the deadline for submissions. At the public opening the technical proposals are opened and details read out. The financial proposals are not opened at this time. Following evaluation of the technical proposals, a public opening of financial proposals takes place. Financial proposals are then evaluated, in accordance with the evaluation criteria specified in the request for proposals document. The Public Sector Sub Borrower identifies the most advantageous proposal; 	Public Sector Sub Borrower & Proposer
16	If prior review by PT SMI is applicable, both the technical and financial evaluation report and recommendation for contract award shall be submitted to PT SMI for review and NOL issuance	Public Sector Sub Borrower Reviewer: PT SMI
17	Notification of Intention to Award and Standstill Period: Public Sector Sub Borrower transmits its Notice of Intention to Award the Contract to the Proposers. This initiates the Standstill Period. Where applicable, the Borrower provides debriefs and manages any complaints received that relate to the decision to award the contract. The Public Sector Sub Borrower shall meet the requirements of Paragraphs 5.72 to 5.74 (Notification of Intention to Award), and Paragraphs 5.78 to 5.80 (Standstill Period) in the Procurement Regulations. Any debrief shall meet the requirements of Paragraphs 5.81 to 5.87 (Debriefing by the Public Sector Sub Borrower);	Public Sector Sub Borrower
18	Award of contract and publication of Contract Award Notice: Once the Standstill Period has expired the Borrower may award the contract. The Public Sector Sub Borrower will then publish the Contract Award Notice. The Public Sector Sub Borrower shall meet the requirements of Paragraphs 5.93 to 5.95 (Contract Award Notice) in the Procurement Regulations.	Public Sector Sub Borrower

Step #	Description	Responsible parties
19	<p>Variation to the procedure when BAFO or Negotiations apply: please refer to Annex XII. “Selection Methods in the Procurement Regulations” for variation of the process if the Public Sector Sub Borrowers do BAFO or negotiations.</p> <p>For Negotiations, if prior review by PT SMI is applicable, the minutes of negotiations and the draft contract initialed by both parties, if any, shall be submitted to PT SMI for review and NOL issuance.</p> <p>For BAFO, if prior review by PT SMI is applicable, the evaluation report prior to requesting BAFO and the final evaluation report prior to award of contract shall be submitted to PT SMI for review and NOL issuance.</p>	<p>Public Sector Sub Borrower Reviewer: PT SMI</p>

Table A- 2 RFP Model 2 (streamlined) procedures

Step #	Description	Responsible parties
1	<p>Initial selection: follow the following steps to carry out Initial Selection process when using the RFP method:</p> <ul style="list-style-type: none"> Initial Selection Documents: prepare the initial selection document, using the applicable Bank's Standard Initial Selection Document Specific Procurement Notice: prepare the SPN inviting applications for Initial Selection, using the Bank's applicable template, or template acceptable to PT SMI and the WB, for such notices. Clarifications and addenda: respond to any request for clarifications from prospective applicants in writing, and forward a copy of the response to all prospective applicants. Any amendment to the initial selection document that the Public Sector Sub Borrower deems necessary as a result of additional/modified information or clarifications shall be in writing and be communicated in writing to all prospective applicants; Initial Selection Application submission and opening: Applications are to be submitted by the deadline; however, the Public Sector Sub Borrower may accept applications received after the deadline for submission of applications, unless otherwise specified in the initial selection document. The Public Sector Sub Borrower prepares a record of the opening of applications and distributes a copy of the record to all applicants; Evaluation of Applications: evaluate Initial Selection Applications on the basis of the criteria specified in the initial selection document. Firstly, applicants are assessed against qualifying criteria. All applicants that meet the qualifying criteria are ranked based on an assessment against rated criteria. The highest ranked applicants, to be invited to participate in the next stage of the procurement, are selected in accordance with the procedures specified in the Initial Selection Document; and Communication of Initial Selection results: communicate the results of the Initial Selection process to all applicants. 	Public Sector Sub Borrower
2	If prior review by PT SMI is applicable: submit the invitation to prequalify / be initially selected, the prequalification / initial selection document, (including any amendment(s) to them) and the prequalification / initial selection evaluation report for PT SMI's review and NOL issuance	Public Sector Sub Borrowers Reviewer: PT SMI
3	Prepare the request for proposals document, using the Bank's Standard Request for Proposals document or other formats acceptable to PT SMI	Public Sector Sub Borrower
4	If prior review by PT SMI is applicable: submit the RFP document for PT SMI's review and NOL issuance	Public Sector Sub Borrower Reviewer: PT SMI
5	Issue Request for Proposals: issue the request for proposals document to all initially selected applicants (the result of Initial Selection in step #1) to submit a full technical and financial proposals	Public Sector Sub Borrower
6	Clarifications and amendment(s): provide clarifications and amendment(s) in writing in accordance with Paragraphs 5.31 and 5.32 (Clarification of Procurement Documents) in WB's Procurement Regulations	Public Sector Sub Borrower
7	If amendments to the RFP documents are made, and if prior review by PT SMI is applicable, then the amended RFP documents shall be submitted to PT SMI for review and NOL issuance	Public Sector Sub Borrower Reviewer: PT SMI
9	Proposal submission deadline and opening: meet the requirements of Paragraphs 5.36 and 5.37 (Bid/Proposal Preparation Period and Submission) in the Procurement Regulations. Proposals shall be submitted prior to the expiry of the deadline for submissions. At the	Public Sector Sub Borrower

Step #	Description	Responsible parties
	public opening the technical Proposals are opened and details read out. The financial Proposals are not opened at this time. Following evaluation of the technical proposals a public opening of financial proposals takes place. Financial Proposals are then evaluated, in accordance with the evaluation criteria specified in the request for proposals document. The Public Sector Sub Borrower identifies the Most Advantageous Proposal	
10	If the Public Sector Sub Borrower requests to extend the proposal validity period longer than four weeks (first request), and all subsequent requests for extension, and prior review by PT SMI is applicable, such requests shall be submitted to PT SMI for review and NOL issuance	Public Sector Sub Borrower Reviewer: PT SMI
11	Proposal evaluation and post-qualification assessment: Proposals are evaluated in accordance with the evaluation criteria specified in the request for proposals document	
12	If prior review by PT SMI is applicable , both the technical and financial evaluation report and recommendation for contract award shall be submitted to PT SMI for review and NOL issuance	Public Sector Sub Borrower Reviewer: PT SMI
13	Notification of Intention to Award and Standstill Period: Public Sector Sub Borrower transmits its Notice of Intention to Award the Contract to the unsuccessful Proposers. This initiates the Standstill Period. Where applicable, the Borrower provides debriefs and manages any complaints received that relate to the decision to award the contract. The Public Sector Sub Borrower shall meet the requirements of Paragraphs 5.72 to 5.74 (Notification of Intention to Award), and Paragraphs 5.78 to 5.80 (Standstill Period) in the Procurement Regulations. Any debrief shall meet the requirements of Paragraphs 5.81 to 5.87 (Debriefing by the Public Sector Sub Borrower)	Public Sector Sub Borrower
14	Award of contract and publication of Contract Award Notice: Once the Standstill Period has expired the Borrower may award the contract. The Public Sector Sub Borrower will then publish the Contract Award Notice. The Public Sector Sub Borrower shall meet the requirements of Paragraphs 5.93 to 5.95 (Contract Award Notice) in the Procurement Regulations.	Public Sector Sub Borrower
15	Variation to the procedure when BAFO or Negotiations apply: please refer to Annex XII. Selection Methods in the Procurement Regulations for variation of the process if the Public Sector Sub Borrowers do BAFO or negotiations. For Negotiations, if prior review by PT SMI is applicable, the minutes of negotiations and the draft contract initialed by both parties, if any, shall be submitted to PT SMI for review and NOL issuance. For BAFO, if prior review by PT SMI is applicable, the evaluation report prior to requesting BAFO and the final evaluation report prior to award of contract shall be submitted to PT SMI for review and NOL issuance.	Public Sector Sub Borrower Reviewer: PT SMI

A.1.5 Prevention of Fraud and Corruption in line with the World Bank Policy

The World Bank's anticorruption policy relating to procurement under World Bank projects is outlined in the World Bank's "Procurement Regulations for IPF Borrowers: Procurement in Investment Project Financing for Goods, Works, Non-Consulting and Consulting Services" dated July 2016, Revised November 2017 and August 2018. The GREM and the Sub Borrowers that access GREM loans must abide by the World Bank policies on anti-corruption as laid down in these guidelines. PT SMI and Sub Borrowers shall ensure that the contract shall not be awarded to the firm who is currently recorded in the Bank's debarment list and temporary suspended list. The debarment list is available publicly at the World Bank's website. The suspension list is available through the World Bank Client Connection portal at <http://clientconnection.worldbank.org>. PT SMI shall be responsible for checking both lists and advising the Sub Borrowers accordingly.

Article 2.2 in the Annex IV "Fraud & Corruption" of the WB's Procurement Regulations provide the following definitions:

- (i) "corrupt practice" is the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party;
- (ii) "fraudulent practice" is any act or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain financial or other benefit or to avoid an obligation;
- (iii) "collusive practice" is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party;
- (iv) "coercive practice" is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party;
- (v) "obstructive practice" is:
 - a. deliberately destroying, falsifying, altering, or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede a Bank investigation into allegations of a corrupt, fraudulent, coercive, or collusive practice; and/or threatening, harassing, or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; or
 - b. acts intended to materially impede the exercise of the Bank's inspection and audit rights provided for under paragraph 2.2 e. in the Annex IV of the World Bank Procurement Regulations

A.1.6 Actions by the World Bank in Cases Involving Fraud and Corruption

Article 2.2 in the Annex IV "Fraud & Corruption" of the WB's Procurement Regulations indicate that in cases involving fraud and corruption the Bank will:

- Reject a proposal for award if it determines that the consultant recommended for award, or any of its personnel, or its agents, or its sub-consultants, sub-contractors, service providers, suppliers and/or their employees, has, directly or indirectly, engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices in competing for the contract in question
- In addition to the legal remedies set out in the relevant Financing Agreements, may take other appropriate actions, including declaring misprocurement, if the Bank determines at any time that representatives of the Borrower or of a recipient of any part of the proceeds of the loan engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices during the

procurement process, selection and/or execution of the contract in question, without the Borrower having taken timely and appropriate action satisfactory to the Bank to address such practices when they occur, including by failing to inform the Bank in a timely manner at the time they knew of the practices;

- Sanction, pursuant to the Bank's Anti-Corruption Guidelines and in accordance with its prevailing sanctions policies and procedures as set forth in the WBG's Sanctions Framework any firm or individual –determined at any time by the Bank to have engaged in Fraud and Corruption in connection with the procurement process, selection and/or execution of a Bank-financed contract

In addition, Article 2.2 (e) in the Annex IV of the Procurement Regulations states that the Bank will have the right to require that in request for bids/request for proposals documents and in contracts financed by a Bank loan, a clause be included requiring bidders (applicants/proposers), consultants, contractors, and suppliers; and their sub-contractors, sub-consultants, agents, personnel, consultants, service providers or suppliers to permit the Bank to inspect their accounts and records relating to the performance of the contract and to have them audited by auditors appointed by the Bank.

Annex 2 Private Sector Window Term Sheet Facility A

TERM SHEET FOR FINANCING OF GEOTHERMAL EXPLORATION TERM LOAN FACILITY (FACILITY A) BY PT SARANA MULTI INFRASTRUKTUR (PERSERO) PRIVATE SECTOR WINDOW

This Term Sheet is a summary of the principal terms that may apply to the proposed financing of the Project. All figures, terms and conditions are subject to change.

1. Borrower [PT Developer], the holder of [IPB]/[PSPE] license
2. Lender PT Sarana Multi Infrastruktur (Persero)
3. Sponsor[s] [Sponsor], the owner of [●%] shares in the Borrower;
[Sponsor], the owner of [●%] shares in the Borrower.²¹
4. Project Geothermal exploration activities in [insert details of working area].
5. Purpose All amount borrowed under the Facility A (as defined below) shall be applied for the financing of the Project
6. Drilling Program Costs Based on the drilling program prepared by the Borrower, the estimated total cost of implementing the drilling program is [insert total amount of estimated drilling program] ("**Drilling Program Costs**").

The Drilling Program Costs would be funded as follows:

Equity	US\$[●] million, at minimum equivalent to 25% of the Drilling Program Costs
Debt (namely aggregate of Term Loan Facility (Facility A) and Convertible Loan Facility (Facility B) (" Facility B ")	US\$[●] million, at maximum equivalent to 75% of the Drilling Program Costs, and up to a maximum \$30 million
Total	US\$[●] million

7. Facility A US\$[insert 50% of the "Debt" amount above] million, in the form of a term loan from the Lender to the Borrower.
8. Guarantee and Indemnity from Sponsor
 - 8.1. The Sponsor shall provide a guarantee and indemnity in respect of all obligations of the Borrower with respect to the Facility A ("**Sponsor Guarantee**").
 - 8.2. The Sponsor shall permanently waive any subrogation right it has against the Borrower in respect of the Facility A.

²¹ To be deleted if there is only one Sponsor.

	8.3. [Each guarantee and indemnity given by a Sponsor shall PIEC
	8.4. be in respect of 100% of the Facility A obligations.] ²²
9. Repayment	The Facility A loan shall be repaid in bullet repayment four years from the date of the first disbursement (the " Final Maturity Date ").
10. Interest Rate	[3-MONTH or 6-MONTH LIBOR USD + [●]] ²³ per annum with ability to select a 3-month LIBOR in respect of disbursements made within 6 months of the Final Maturity Date
11. Interest Payment Date	Semi-annual dates, being the 25th of [<i>insert month</i> = X] and 25th of [<i>insert month</i> X+6] in each calendar year, until the Final Maturity Date.
12. Default Rate	2% per annum, payable in addition to Interest Rate on Facility A.
13. Fees	The commitment fee amounting to 1% on the undrawn amount of Facility A commitment to be paid once at the end of the Availability Period. The upfront fee amounting to [TBD] of the total Facility A amount upon the effective date of the Facility A agreement.
14. Availability Period	The period from and including the date of the Facility Agreement (Facility A) to and including the earlier of: (a) the date on which Facility A is fully utilized, cancelled or terminated under the provisions of the Facility Agreement A; or (b) the date that is [three months] before the Final Maturity Date.
15. Disbursement	The Borrower may issue any number of Disbursement Requests during the Availability Period according to its funding need. Each disbursement shall: (a) be made in equal proportion between the Facility A and the Facility B; and (b) not exceed an amount which, based on the equity contributions made by the Sponsor as at the relevant disbursement date, result in the Debt to Equity Ratio being exceeded. The amount of each proposed disbursement under Facility A must be an amount which is not more than the Available Commitment and which is a minimum of US\$1million and if higher, in integral multiples of US\$1,000,000 or, if less, the amount of the Available Commitment under Facility A.
16. Debt-to-Equity Ratio	No higher than 75:25 (with the debt portion being the aggregate of both Facility A and Facility B) based on the financial statements or

²² To be deleted if there is only one Sponsor.

²³ To be verified by PT SMI.

any other evidence demonstrating that the debt-to-equity ratio is being maintained.

17. Voluntary
Prepayment

Facility A is prepayable or redeemable (as applicable) in whole (and not in part only) upon not less than 10 Business Days' written notice, subject to terms and conditions to be agreed with the Lender and provided further that:

- (a) as a condition to such prepayment, the Sponsor must exercise its Call Option under Section [12] of the term sheet for Facility B; and
- (b) such prepayment must be made contemporaneously with completion under the Call Option.

Facility A may be prepaid or redeemed at any time (subject to compliance with the requirements of section 17.1).

Other customary voluntary prepayment provisions to be set out in the Agreement, including in respect of payment of break costs in the event of a prepayment, and indemnities in respect of a failure by an Obligor to pay any amount due under a Finance Document on its due date or in the relevant currency.

18. Mandatory
Prepayment /
Redemption

The Facility Agreement (Facility A) will include mandatory prepayment or redemption provisions, including

- (a) the achieving of a Financial Close achieved under the PPA; and
- (b) the Sponsor acquiring the FIs pursuant to the terms of Facility Agreement (Facility B).

and other customary mandatory prepayment provisions which shall be set out in the Agreement.

19. Share Transfer Lock-
Up

For so long as any part of Facility A or Facility B is outstanding or any amount is available for disbursement under the Finance Documents, no change of shareholding in the Borrower shall be permitted without prior Lender approval.

For the avoidance of doubt, any changes in the shareholding percentages of a Sponsor in the Borrower shall be subject to the prior approval of the Lender.

20. Finance Documents

"Finance Documents" means, for each Project:

- (a) the Facility Agreement (Facility A);
- (b) the Facility Agreement (Facility B);
- (c) any Fee Letter;
- (d) any Security Document;
- (e) any Disbursement Request;

- (f) any financial instrument ("FI") issued pursuant to Facility Agreement (Facility B); and
- (g) any other document designated as such by the Lender and the Borrower, including Put/Call Option Agreement (as relevant).

21. Security²⁴

The obligations of the Borrower and the Sponsor to the Lender shall be secured by collateral satisfactory to the Finance Parties as follows, pursuant to documentation satisfactory to the Finance Parties (the "**Security Documents**"):

- (a) a standby letter of credit ("**SBLC**") Unconditional and Irrevocable from an issuing bank with a foreign currency deposit rating of [AAA] by a local rating agency, for the equity injection obligation of the Sponsor.²⁵ The proceeds will be used to discharge equity obligations to the Lender.
- (b) the Sponsor Guarantee (subject to acceptance by Lender), only in respect of Facility A;
- (c) a fiducia security agreement creating security over any moveable assets owned by the Borrower ("Fiducia over Moveable Assets"), to be entered into between the Borrower and the Lender, the proceeds from which will be used to discharge obligations to the Lender in the following order of priority:
 - (i) first priority, towards discharging the obligations in respect of or arising from Facility A; and
 - (ii) second priority, towards discharging the obligations in respect of or arising from Facility B, FI and the Options;
- (d) a fiducia security agreement creating security over insurance claim owned by the Borrower ("**Fiducia over insurance Claim**"), to be entered into between the Borrower and the Lender, the proceeds from which will be used to discharge obligations to the Lender in the following order of priority:
 - (i) first priority, towards discharging the obligations in respect of or arising from Facility A; and

²⁴ Further security may be required depending on the results of PT SMI's due diligence.

²⁵ In some circumstances a corporate guarantee or letter of undertaking may be acceptable.

- (ii) second priority, towards discharging the obligations in respect of or arising from Facility B, FI and the Options;
- (e) a fiducia security agreement creating security over receivable by the Borrower ("Fiducia over receivable"), to be entered into between the Borrower and the Lender, the proceeds from which will be used to discharge obligations to the Lender in the following order of priority:
 - (i) first priority, towards discharging the obligations in respect of or arising from Facility A; and
 - (ii) second priority, towards discharging the obligations in respect of or arising from Facility B, FI and the Options;
- (f) share pledge agreements entered into among the shareholders and the Lender, creating security over 100% shares in the Borrower [and 100% shares in any intermediate company] ("**Share Security**"), and ancillary powers of attorney to sell shares in the Borrower and power of attorney to vote in the shareholders' meetings of the Borrower. The proceeds from any enforcement of the Share Security will be used to discharge obligations to the Lender in the following order of priority
 - (i) first priority, towards discharging the obligations in respect of or arising from Facility B, FI and the Options; and
 - (ii) second priority, towards discharging the obligations in respect of or arising from Facility A; and
- (g) pledge over bank account together with relevant power of attorney to withdraw fund
- (h) where a Sponsor has provided shareholder loans to the Borrower, a fiducia security over such shareholder loans, with the proceeds of any enforcement of such security to be applied in the same priority as set out in Section (i) and (ii) above; and
- (i) any other documents creating or expressed to create any security, hypothec, mortgage, encumbrances in respect of the obligations of the Borrower and the Sponsor under any Finance Document.

22. Other Payments Borrower to pay or reimburse the Lender, including but not limited to the following:
- (a) increased costs resulting from a change of law or regulations;
 - (b) unwinding/breakage costs, ie, any cost or loss in unwinding funding arrangements resulting from prepaying Facility A or from failing to borrow or prepay in accordance with a request for disbursement or notice of prepayment;
 - (c) withholding taxes, if any (tax gross-up);
 - (d) all taxes (including stamp taxes) or other charges payable on any of the Finance Documents;
 - (e) costs and expenses (including fees of notary, Approved Geothermal Consultant, legal, and other advisors) relating to the negotiation, preparation, finalization, execution and the registration/perfection of the Finance Documents;
 - (f) amendment costs (including fees of legal and other advisors); and
 - (g) enforcement costs (including legal fees),
- [less any costs and expenses recovered by the Lender from any Person other than the Borrower].
23. Representations and Warranties Customary and appropriate for the Borrower and the Support Parties, reflecting the Lender's policies and requirements and subject to certain customary exceptions (relating to materiality and actual knowledge) and legal qualifications to be agreed in the documentation.
24. Conditions precedents for disbursements With respect to the first disbursement under Facility A, such conditions precedent that are customary and appropriate for the Project and reflecting the Lender's policies and requirements to be agreed in the documentation, including but not limited to:
- (a) signing of the Facility Agreement (Facility A);
 - (b) signing of the Facility Agreement (Facility B) and satisfaction of all conditions precedent to first disbursement thereunder;
 - (c) evidence of completion of access roads (including supporting documents in respect of the same) to implement the proposed drilling plan verified by the Borrower's consultants;

- (d) evidence of completion of site infrastructure;
- (e) satisfactory due diligence by the Lender;
- (f) satisfactory legal opinions from the counsel of the Lender and the Borrower/Sponsor;
- (g) certified true copies of constitutional documents of the Borrower and the Sponsor;
- (h) certified true copies of corporate resolutions from the board of directors, board of commissioners and shareholders (as applicable) of the Borrower and the Sponsor;
- (i) corporate certificate of the Borrower and Sponsor signed by the authorized signatory(ies) of the Borrower and Sponsor;
- (j) executed Finance Documents and perfection of Security Documents;
- (k) Project Documents including the drilling contract, and any other document designated a Project Document under the agreement;
- (l) certified true copies of material Governmental authorizations in relation to the project (e.g. IPB, PSPE, environmental licences, forestry permits);
- (m) evidence that sufficient insurances are put in place by the Borrower;
- (n) Lender-approved drilling budget and schedule;
- (o) consent to security granted by PLN, if applicable;
- (p) evidence of deposit of the exploration commitment with the Ministry of Energy and Mineral Resources (if already paid from equity by the Borrower);
- (q) Sponsor to inject full equity amount unless, subject to Lender approval, where the Sponsor has not injected the full equity commitment into the Project, an irrevocable SBLC on terms satisfactory to the Lender for the remaining equity commitment of the Sponsor;²⁶

²⁶ In some circumstances a guarantee letter of undertaking may be acceptable.

- (r) evidence of equity injection demonstrating compliance with debt to equity ratio of no more than 75:25 following the relevant drawdowns under Facility A and Facility B;
- (s) [document evidencing the estimated schedule for the execution/issuance of PPA with PLN, or where the Borrower has signed a PPA with PLN ²⁷:
 - (i) a certified true copy of the PPA (if applicable); and
 - (ii) consent of PLN that the share transfer restrictions under the PPA and the Sponsor's Agreement do not apply for any share transfer as a result of the enforcement by the Lender of the Security Documents or the exercise of share conversion rights by any holder of the FI (if applicable);
- (t) where the Borrower holds an IPB license but has not signed a PPA with PLN²⁸, certified true copy of the Pre-Transaction Agreement / Heads of Agreement signed with PLN which contains an obligation for PLN to execute a PPA in the form annexed to the Pre-Transaction Agreement / Heads of Agreement (a Project Document);²⁹
- (u) evidence that the Borrower is in compliance with the Lenders' Environmental & Social Management Framework;³⁰ and
- (v) other customary conditions precedent.

With respect to any subsequent disbursement, conditions precedent including but not limited to:

- (a) evidence of equity injection demonstrating compliance with debt to equity ratio of no more than 75:25 following the drawdowns under Facility A and Facility B (including confirmations from Lender's adviser); and
- (b) Submission of report from the supervisory consultant which verifies the progress of exploration activities and the usage of fund from the previous disbursements used for the exploration activities

²⁷ This applies for Category PR1 Project

²⁸ This applies for Category PR2 Project

²⁹ Condition to be satisfied on or around signing of the agreement.

³⁰ PT SMI's ESMF can be found at: <https://www.ptsmi.co.id/wp-content/uploads/2019/06/ESMF-Geothermal-Resource-Risk-Mitigation-Project-GREM.pdf>

(c) other customary conditions precedent.

25. Positive Covenants;
Information
Covenants;

Customary and appropriate for the Project, reflecting the Lender's policies and requirements, and subject to certain customary exceptions (relating to materiality and grace periods) and legal qualifications to be agreed in the documentation, including but not limited to:

- (a) reporting of quarterly, bi-annually and annual financial statements of any obligor (including the Borrower and Sponsors);
- (b) reporting of drilling progress;
- (c) pari passu ranking;
- (d) compliance with laws and regulations;
- (e) compliance with licensing requirements;
- (f) contracts to be entered into in ordinary course and on arm's length basis only;
- (g) compliance with the recommendations, requirements, and procedures set forth in the Environmental and Social Management Framework (ESMF) inclusive of the Indigenous Peoples Planning Framework (IPF) and the Resettlement Policy Framework (RPF), as may be updated, amended or supplemented from time to time, including reporting of plans as required under the frameworks;
- (h) ensuring that an Environmental and Social Management Plan (ESMP) related to the relevant construction works or activities to be executed, is prepared prior to commencing those works or activities;
- (i) in the event of default for non-payment by the Borrower or Sponsor, commitment not to participate directly or indirectly in the development of a geothermal project over any part of the same geothermal working area for a period of 10 years following the event of default or until all outstanding amounts have been fully repaid; and
- (j) other covenants and undertakings based on the Lender's standard covenant and undertaking package, including in relation to taxation, financial covenants, and ongoing insurance requirements.

26. Negative Covenants Customary and appropriate for the Project, reflecting the Lender's policies and requirements, and subject to certain customary exceptions (relating to materiality and grace periods) and legal qualifications to be agreed in the documentation, including but not limited to:

- (a) restriction on financial indebtedness (save for financial indebtedness permitted by the Lender);
- (b) restriction on disposal of assets (save for disposals permitted by the Lender);
- (c) restriction on encumbrances (save for security permitted by the Lender, including disposal or encumbrances in the ordinary course of trading and up to a certain threshold);
- (d) restriction on granting of loan/guarantee;
- (e) restriction on amendment to the Borrower's business or constitutional documents;
- (f) restriction on making investments outside the ordinary course of business of the Borrower;
- (g) restriction on issuing any shares or granting any person any right to call for the issue or allotment of any shares in the capital of the Borrower, other than those permitted under Facility B;
- (h) restriction on making any distributions or payments to the Sponsor or any of its affiliates while an Event of Default has occurred and is continuing;
- (i) other covenants and undertakings based on the Lender's standard covenant and undertaking package including in relation to restrictions on capital restructuring and mergers/amalgamations.

27. Events of Default Customary and appropriate for the Project, reflecting the Lender's policies and requirements and subject to certain customary exceptions (including materiality and grace periods) to be agreed in the documentation, including but not limited to:

- (a) non-payment;
- (b) breach of obligations under a facility agreement, subject to a remedial period (and, for the avoidance of doubt, an event of

default under one facility agreement shall be deemed to be an event of default under the other facility agreement);

- (c) nationalization or expropriation of the entire project and project assets;
- (d) revocation of material licenses (including IPB or PSPE as applicable);
- (e) termination of PPA/Heads of Agreement;
- (f) occurrence of a Material Adverse Effect; and
- (g) other customary event of default provisions (e.g. cessation of business, litigation process, insolvency, legal proceeding and cross default with other financial indebtedness above a certain threshold, default under Security Documents, unlawfulness and invalidity of the Project Documents).

28. Acceleration Event

If an event of default occurs and is continuing:

- (a) the Lender has the right to accelerate Facility A, i.e. demand for immediate full repayment; and
- (b) upon acceleration of Facility A, the Lender may pursue a claim against the Sponsor under the Guarantee and Indemnity;
- (c) the Lender will be entitled to draw on the SBLC; and
- (d) the Lender will be entitled to enforce the Security Documents; and
- (e) [where there remain surplus proceeds from enforcing the Share Security after recovering the amounts owed by the Sponsor in respect of the Facility B, the Lender shall be entitled to use such surplus proceeds to meet any remaining outstanding Facility A liability.]³¹.

29. Material Adverse Effect³²

Any event, development or circumstance having a material adverse effect on:

- (a) the commercial viability of the Project;

³¹ To be reflected in Facility B

³² Based on APLMA

	<ul style="list-style-type: none"> (b) the business, operations, financial condition, or property of the Borrower; (c) the ability of any of the Sponsors to perform its obligations under any of the Finance Documents; (d) the validity or enforceability of the Finance Document; or (e) the rights and remedies of the Finance Parties under any of the Finance Documents.
30. Amendments and Waivers	With Lender's approval (subject to an approval from the World Bank)
31. Governing Law	Indonesian law
32. Language	All documentation will be in English and Bahasa Indonesia (to the extent allowed by law), with Bahasa Indonesia to prevail in the event of any inconsistency, or if not and if required by law, in Bahasa only.
33. Submission to Jurisdiction	<ul style="list-style-type: none"> (i) <u>Facility Agreement (Facility A)</u>: disputes resolved by Indonesian courts; (ii) <u>Guarantee and Indemnity (foreign Sponsor)</u>: disputes resolved by arbitration. Arbitration to be conducted in accordance with BANI rules, with three arbitrators, and the seat of arbitration to be Jakarta; (iii) <u>Guarantee and Indemnity (Indonesian Sponsor)</u>: disputes resolved by Indonesian courts.

Annex 3 Private Sector Window Term Sheet Facility B

TERM SHEET FOR FINANCING OF GEOTHERMAL EXPLORATION FINANCIAL INSTRUMENT FACILITY (FACILITY B) BY PT SARANA MULTI INFRASTRUKTUR (PERSERO) PRIVATE SECTOR WINDOW

This Term Sheet is a summary of the principal terms that may apply to the proposed financing of the Project. All figures, terms and conditions are subject to change.

1. Issuer [PT Developer], the holder of [IPB]/[PSPE] license.
2. Lender PT Sarana Multi Infrastruktur (Persero)
3. Sponsor[s]
 - 3.1. [Sponsor], the owner of [●%] shares in the Borrower;
 - 3.2. [Sponsor], the owner of [●%] shares in the Borrower.³³
4. Project Geothermal exploration activities in [insert details of working area].
5. Purpose The proceeds of the financial instrument will be applied for the financing of the Project
6. Drilling Program Costs/
 - 6.1. Based on the drilling program prepared by the Issuer, the estimated total cost of implementing the drilling program is [insert total amount of estimated drilling program] ("**Drilling Program Costs** ").

- 6.2. The Drilling Program Costs would be funded as follows:

Equity	US\$[●] million, at minimum equivalent to [25%] of the Drilling Program Costs
Debt (namely aggregate of Financial Instrument Facility (Facility B) and Term Loan Facility (Facility A) (" Facility ")	US\$[●] million, at maximum equivalent to [75%] of the Drilling Program Costs, and up to a maximum \$30 million
Total	US\$[●] million

³³ To be deleted if there is only one Sponsor.

7. Facility B US\$[insert 50% of the "Debt" amount above] million, in the form of subscription price for zero-coupon financial instrument ("FI") issued by the Issuer to the Investor.
8. Repayment or Redemption All FI issued shall be redeemed in full at the Notional FI Value by the Issuer six years **from the date of the first issuance** (the "**Final Maturity Date** ").
9. FI A transferrable financial instrument issued by the Issuer with, upon the occurrence of a "Conversion Event", the right to convert into ordinary shares in the Issuer based on the conversion formula set out in section 11**Error! Reference source not found.**³⁴
10. Conversion Events The Conversion Events for the FI shall be the occurrence of:
- (a) the Final Maturity Date; or
 - (b) an Acceleration Event.
11. Conversion of FI Upon the occurrence of a Conversion Event, the Investor has the right to convert the FI into shares in the Issuer such that, upon conversion, the Investor will be entitled to a percentage shareholding in the Issuer equal to:

$$\frac{\text{Notional FI Value}}{\text{Developer Fair Market Value}}$$

where:

- (a) Notional FI Value is the higher of:
 - (i) 130% of the initial face value of the FI (i.e. 130% of the aggregate amount of the face value of each FI subscribed for by the Investor at that time); and
 - (ii) the initial face value of the FIs then held (i.e. the aggregate amount of the face value of each FI subscribed for by the Investor at that time), each such face value of a FI being escalated at 7% per annum (compounding annually) from the date of such FI subscription by the Investor to the date when the conversion into shares is triggered (or, in the case of a transfer of the FI to the

³⁴ Nomenclature of the instrument subject to change pending tax advice

Sponsor pursuant to section 12, the date the FI is transferred to the Sponsor);and

- (b) Developer Fair Market Value is the fair market value of the Company, as determined pursuant to the procedures and processes set out in Attachment 1.

12. Call Option/Put
Option of FI

12.1. The Sponsor shall have the right, at any time on giving notice of exercise to the Investor ("**Call Option Notice**") to purchase the FIs then outstanding at a price equal to:

- (a) where the Call Option Notice is issued on or before the 4th anniversary of the issuance of the first FI, Notional FI Value; or

- (b) where the Call Option Notice is issued after the 4th anniversary of the issuance of the first FI, either:

- (i) Notional FI Value; or

- (ii) $\text{Share of Participation} \times \text{Developer Fair Market Value}$,

as elected by the Sponsor in the Call Option Notice, subject to the following:

where the Sponsor elects to use the price under paragraph (b)(ii) above, and the Developer Fair Market Value is determined to be zero or lower, then the purchase price for the FIs shall be deemed to be US\$1; and

- (c) if the price payable by the Sponsor pursuant to the provisions above is greater than the initial face value of all outstanding FIs, then

- (i) an amount equal to the initial face value of all outstanding FIs shall be payable by the Sponsor at the time of purchase of the FIs ("**Option First Instalment**"); and

- (ii) the difference between the price payable by the Sponsor pursuant to the provisions above and the Option First Instalment ("**Option Second Instalment**") shall be paid on the date of the 5th anniversary from the issuance of the first FI or the date of the Option First Instalment, whichever is later.

12.2. **"Share of Participation"** means the ratio (expressed as a percentage) of:

- (a) the aggregate face value amounts of all FIs previously issued under Facility B; to
- (b) the aggregate of (i) the amount outstanding at the relevant time under Facility A, plus (ii) the aggregate face value amounts of all FIs previously issued under Facility B, and (iii) the total amount of equity previously injected by the Sponsor into the Issuer at the relevant time,

provided that in no event shall Share of Participation exceed 37.5%.

12.3. The Investor shall have the right to require the Sponsor to purchase all FIs then outstanding by giving written notice of the same (a **"Put Option Notice"**) upon the occurrence of any of the following events:

- (a) the 4th anniversary of the issuance of the first FI has occurred, and the Sponsor has not, prior to the Put Option Notice, issued a Call Option Notice;
- (b) where the Issuer repays the amounts outstanding under Facility A;
- (c) an event of default has occurred and is continuing;
- (d) the Issuer exercises financing agreements for the long-term development financing of the Project, and has not issued a Call Option Notice within fifteen days of the signing of such financing agreements; or
- (e) the Sponsor has issued a Call Option Notice but has failed to complete the purchase of FIs pursuant to such Call Option Notice within 30 days of issuing such Call Option Notice.

12.4. A Put Option Notice issued in the circumstances described in paragraphs (a), (b), and (d) above shall become effective thirty days after its issuance but only if the Sponsor has not issued a Call Option Notice within such thirty-day period. If the Sponsor issues a Call Option Notice within such thirty-day period, the Put Option Notice shall become void and of no effect.

- 12.5. A Put Option Notice issued in the circumstances described in paragraph (e) above shall become immediately effective.
- 12.6. Upon a Put Option Notice becoming effective, the Sponsor shall be required to purchase all FIs then outstanding for a price equal to Notional FI Value, with (1) the Option First Instalment payable by the Sponsor at the time of purchase of the FIs, and (2) the difference between the Notional FI Value and the Option First Instalment payable on the date of the 5th anniversary from the issuance of the first FI or the date of the Option First Instalment, whichever is later.
- 12.7. If no Call Option Notice or Put Option Notice has been issued on or before the fifth anniversary of the date of issuance of the first FI, then the Sponsor shall be obliged to purchase all FIs then outstanding at a price equal to the Notional FI Value

13. Subscription Period The period from and including the date of the Facility Agreement (Facility B) to and including the earlier of:

- (a) the date on which Facility B is fully utilized, cancelled or terminated under the provisions of the Facility Agreement B; or
- (b) the date that is forty-five months after the date of the first disbursement under Facility B.

14. Disbursement 14.1. The Issuer may issue any number of Disbursement Requests during the Subscription Period according to its funding need.

- 14.2. Each disbursement shall:
 - (a) be made in equal proportion between Facility A and Facility B (and individual FI certificates will be issued in respect of each disbursement under Facility B); and
 - (b) not exceed an amount which, based on the equity contributions made by the Sponsor as at the relevant disbursement date, result in the Debt to Equity Ratio being exceeded.

14.3. The amount of each proposed disbursement under Facility B must be an amount which is not more than the Available Commitment, and which is a minimum of US\$1million and if higher, in integral multiples of US\$500,000 or, if less, the amount of the Available Commitment under Facility B.

15. Debt-to-Equity Ratio	No higher than 75:25 (with the debt portion being the aggregate of both Facility A and Facility B) based on the financial statements or any other evidence demonstrating that the debt-to-equity ratio is being maintained.
16. Acquisition of FIs	The Sponsor has the right to acquire the FIs issued pursuant to Facility B in accordance with section 12.
17. Mandatory Prepayment / Redemption	The Facility Agreement (Facility B) will include mandatory prepayment or redemption provisions, including the achieving of a Financial Close achieved under the PPA.
18. Share Transfer Lock-Up	<p>18.1. For so long as any part of Facility B or Facility A is outstanding or any amount is available for disbursement under the Finance Documents, no change of shareholding in the Issuer shall be permitted without prior Investor approval.</p> <p>18.2. For the avoidance of doubt, any changes in the shareholding percentages of a Sponsor in the Issuer shall be subject to the prior approval of the Investor.</p>
19. Finance Documents	<p>"Finance Documents" means, for each Project:</p> <ul style="list-style-type: none"> (a) the Facility Agreement (Facility B); (b) the Facility Agreement (Facility A); (c) any Fee Letter; (d) any Security Document; (e) any Disbursement Request; (f) any FI; and (g) any other document designated as such by the Investor and the Issuer.
20. Security ³⁵	<p>The obligations of the Issuer and the Sponsor to the Investor shall be secured by collateral satisfactory to the Finance Parties as follows, pursuant to documentation satisfactory to the Finance Parties (the "Security Documents"):</p> <ul style="list-style-type: none"> (a) a standby letter of credit ("SBLC") Unconditional and Irrevocable from an issuing bank , with a foreign currency

³⁵ Final security package subject to the results of PT SMI's due diligence.

deposit rating of [AAA] by a local rating agency, for the equity injection obligation of the Sponsor.³⁶ The proceeds will be used to discharge equity obligations to the Investor.

- (b) a fiducia security agreement creating security over any moveable assets owned by the Issuer ("**Fiducia over Moveable Assets**"), to be entered into between the Issuer and the Investor, the proceeds from which will be used to discharge obligations to the Investor in the following order of priority:
 - (i) first priority, towards discharging the obligations in respect of or arising from Facility A; and
 - (ii) second priority, towards discharging the obligations in respect of or arising from Facility B, FI and the Options;
- (c) the Sponsor Guarantee, only in respect of Facility A;
- (d) a fiducia security agreement creating security over insurance claim owned by the Issuer ("Fiducia over insurance Claim"), to be entered into between the Issuer and the Investor, the proceeds from which will be used to discharge obligations to the Investor in the following order of priority:
 - (i) first priority, towards discharging the obligations in respect of or arising from Facility A; and
 - (ii) second priority, towards discharging the obligations in respect of or arising from Facility B, FI and the Options;
- (e) a fiducia security agreement creating security over receivable by the Issuer ("Fiducia over receivable"), to be entered into between the Issuer and the Investor, the proceeds from which will be used to discharge obligations to the Investor in the following order of priority:
 - (i) first priority, towards discharging the obligations in respect of or arising from Facility A; and
 - (ii) second priority, towards discharging the obligations in respect of or arising from Facility B, FI and the Options
- (f) share pledge agreements entered into among the shareholders and the Investor, creating security over 100% shares in the Issuer [and 100% shares in any intermediate company] ("**Share Security**"), and ancillary powers of attorney to sell

³⁶ In some circumstances a corporate guarantee or letter of undertaking may be acceptable.

shares in the Issuer and power of attorney to vote in the shareholders' meetings of the Issuer. The proceeds from any enforcement of the Share Security will be used to discharge obligations to the Investor in the following order of priority:

- (i) first priority, towards discharging the obligations in respect of or arising from Facility B, FI and the Options; and
- (ii) second priority, towards discharging the obligations in respect of or arising from Facility A; and
- (g) pledge over bank account together with relevant power of attorney to withdraw fund
- (h) where a Sponsor has provided shareholder loans to the Issuer, a fiducia security over such shareholder loans, with the proceeds of any enforcement of such security to be applied in the same priority as set out in Section (i) and (ii) above; and
- (i) any other documents creating or expressed to create any security, hypothec, mortgage, encumbrance in respect of the obligations of the Issuer and the Sponsor under any Finance Document.

21. Sponsor Indemnity The Sponsors shall provide to the Investor, specifically with respect to Facility B, the FI and the Options, a Sponsor's indemnity (the "**Sponsor's Indemnity**") where the Investor exercises the conversion rights set out in section 11 and becomes the controlling shareholder of the Issuer, any residual obligations arising from the relinquishment of Geothermal Business Licence ("**IPB**") or Preliminary Survey and Exploration license ("**PSPE**").

22. Other Payments Issuer to pay or reimburse the Investor, including but not limited to the following:

- (a) increased costs resulting from a change of law or regulations;
- (b) unwinding/breakage costs, ie, any cost or loss in unwinding funding arrangements resulting from prepaying Facility B or from failing to borrow or prepay in accordance with a request for disbursement or notice of prepayment;
- (c) withholding taxes, if any (tax gross-up);
- (d) all taxes (including stamp taxes) or other charges payable on any of the Finance Documents;

(e) costs and expenses (including fees of notary, Approved Geothermal Consultant, legal and other advisors) relating to the negotiation, preparation, finalization, execution and the registration/perfection of the Finance Documents;

(f) amendment costs (including fees of legal and other advisors); and

(g) enforcement costs (including legal fees),

[less any costs and expenses recovered by the Investor from any Person other than the Issuer].

23. Representations and Warranties Customary and appropriate for the Borrower and the Support Parties, reflecting the Investor's policies and requirements and subject to certain customary exceptions (relating to materiality and actual knowledge) and legal qualifications to be agreed in the documentation.

24. Conditions precedents for disbursements 24.1. With respect to the first disbursement under Facility B, such conditions precedent that are customary and appropriate for the Project and reflecting the Investor's policies and requirements to be agreed in the documentation, including but not limited to:

(a) signing of the Facility Agreement (Facility B);

(b) signing of the Facility Agreement (Facility A) and satisfaction of all conditions precedent to first disbursement thereunder;

(c) evidence of completion of access roads (including supporting documents in respect of the same) to implement the proposed drilling plan verified by the Borrower's consultants;

(d) evidence of completion of site infrastructure;

(e) satisfactory due diligence by the Investor;

(f) satisfactory legal opinions from the counsel of the Investor;

(g) certified true copies of constitutional documents of the Borrower and the Sponsor;

- (h) certified true copies of corporate resolutions from the board of directors, board of commissioners and shareholders (as applicable) of the Borrower and the Sponsor;
- (i) corporate certificate of the Borrower and Sponsor signed by the authorized signatory(ies) of the Borrower and Sponsor
- (j) executed Finance Documents and perfection of Security Documents;
- (k) Project Documents including the drilling contract, and any other document designated a Project Document under the agreement;
- (l) certified true copies of material Governmental authorizations in relation to the project (e.g. IPB, PSPE, environmental licences, forestry permits);
- (m) evidence that sufficient insurances are put in place by the Borrower;
- (n) Investor-approved drilling budget and schedule;
- (o) consent to security granted by PLN, if applicable;
- (p) evidence of deposit of the exploration commitment with the Ministry of Energy and Mineral Resources (if already paid from equity by the Borrower);
- (q) Sponsor to inject full equity amount unless, subject to Investor approval, where the Sponsor has not injected the full equity commitment into the Project, an irrevocable SBLC on terms satisfactory to the Investor for the remaining equity commitment of the Sponsor;³⁷
- (r) evidence of equity injection demonstrating compliance with debt to equity ratio of no more than 75:25 following the relevant drawdowns under Facility B and Facility A;
- (s) [document evidencing the estimated schedule for the execution/issuance of PPA with PLN, or where the Borrower has signed a PPA with PLN³⁸;

³⁷ In some circumstances a guarantee letter of undertaking may be acceptable.

³⁸ This applies for Category PR1 Project

- (i) a certified true copy of the PPA (if applicable); and
- (ii) consent of PLN that the share transfer restrictions under the PPA and the Sponsor's Agreement do not apply for any share transfer as a result of the enforcement by the Investor of the Security Documents or the exercise of share conversion rights by any holder of the FI (if applicable);]
- (t) where the Borrower holds an IPB license but has not signed a PPA with PLN³⁹, certified true copy of the Pre-Transaction Agreement / Heads of Agreement signed with PLN which contains an obligation for PLN to execute a PPA in the form annexed to the Pre-Transaction Agreement / Heads of Agreement (a Project Document);⁴⁰
- (u) evidence that the Borrower is in compliance with the Investor's Environmental & Social Management Framework; and⁴¹
- (v) other customary conditions precedent.

24.2. With respect to any subsequent disbursement, conditions precedent including but not limited to:

- (a) evidence of equity injection demonstrating compliance with debt to equity ratio of no more than 75:25 following the drawdowns under Facility B and Facility A (including confirmations from Investor's adviser); and
- (b) Submission of report from the supervisory consultant which verifies the progress of exploration activities and the usage of fund from the previous disbursements used for the exploration activities
- (c) other customary conditions precedent.

25. Positive Covenants; Information Covenants; Customary and appropriate for the Project, reflecting the Investor's policies and requirements, and subject to certain customary exceptions (relating to materiality and grace periods) and legal

³⁹ This applies for Category PR2 Project

⁴⁰ Condition to be satisfied on or around signing of the agreement.

⁴¹ PT SMI's ESMF can be found at: <https://www.ptsmi.co.id/wp-content/uploads/2019/06/ESMF-Geothermal-Resource-Risk-Mitigation-Project-GREM.pdf>

qualifications to be agreed in the documentation, including but not limited to:

- (a) reporting of quarterly, bi-annually and annual financial statements of any obligor (including the Borrower and Sponsors);
- (b) reporting of drilling progress;
- (c) pari passu ranking;
- (d) compliance with laws and regulations;
- (e) compliance with licensing requirements;
- (f) contracts to be entered into in ordinary course and on arm's length basis only;
- (g) compliance with the recommendations, requirements, and procedures set forth in the Environmental and Social Management Framework (ESMF) inclusive of the Indigenous Peoples Planning Framework (IPF) and the Resettlement Policy Framework (RPF), as may be updated, amended or supplemented from time to time, including reporting of plans as required under the frameworks;
- (h) ensuring that an Environmental and Social Management Plan (ESMP) related to the relevant construction works or activities to be executed, is prepared prior to commencing those works or activities;
- (i) in the event of default for non-payment by the Borrower or Sponsor, commitment not to participate directly or indirectly in the development of a geothermal project over any part of the same geothermal working area for a period of 10 years following the event of default or until all outstanding amounts have been fully repaid; and
- (j) other covenants and undertakings based on the Investor's standard covenant and undertaking package, including in relation to taxation, financial covenants, and ongoing insurance requirements.

26. Negative Covenants

Customary and appropriate for the Project, reflecting the Investor's policies and requirements, and subject to certain customary exceptions (relating to materiality and grace periods) and legal qualifications to be agreed in the documentation, including but not limited to:

- (a) restriction on financial indebtedness (save for financial indebtedness permitted by the Issuer);
- (b) restriction on disposal of assets (save for disposals permitted by the Issuer);
- (c) restriction on encumbrances (save for security permitted by the Issuer, including disposal or encumbrances in the ordinary course of trading and up to a certain threshold);
- (d) restriction on granting of loan/guarantee;
- (e) restriction on amendment to the Borrower's business or constitutional documents;
- (f) restriction on making investments outside the ordinary course of business of the Borrower;
- (g) restriction on issuing any shares or granting any person any right to call for the issue or allotment of any shares in the capital of the Borrower, other than those permitted under Facility B;
- (h) restriction on making any distributions or payments to the Sponsor or any of its affiliates while an Event of Default has occurred and is continuing;
- (i) other covenants and undertakings based on the Investor's standard covenant and undertaking package including in relation to restrictions on capital restructuring and mergers/amalgamations.

27. Events of Default

Customary and appropriate for the Project, reflecting the Investor's policies and requirements and subject to certain customary exceptions (including materiality and grace periods) to be agreed in the documentation, including but not limited to:

- (a) non-payment;
- (b) breach of obligations under a facility agreement, subject to a remedial period (and, for the avoidance of doubt, an event of default under one facility agreement shall be deemed to be an event of default under the other facility agreement);
- (c) nationalization or expropriation of the entire project and project assets;

- (d) revocation of material licenses (including IPB or PSPE as applicable);
- (e) termination of PPA/Heads of Agreement;
- (f) occurrence of a Material Adverse Effect; and
- (g) other customary event of default provisions (e.g. cessation of business, litigation process, insolvency, legal proceeding and cross default with other financial indebtedness above a certain threshold, default under Security Documents, unlawfulness and invalidity of the Project Documents).

28. Acceleration Event If an event of default occurs and is continuing:

- (a) the Investor has the right to exercise its Put Option and put the FIs to the Sponsor for the Notional FI Value;
- (b) if the Sponsor fails to comply with its Put Option obligations, the Investor may:
 - (i) enforce the Security Documents, including selling 100% of the shares in the Issuer (along with the Put Option) to third party buyers; and
 - (ii) release the Borrower of any obligations in respect of Facility A (without prejudice to the obligations of the Sponsor in respect of such Facility A), in which case the Sponsor shall permanently waive any subrogation right it has against the Borrower for any amount⁴²; and
- (c) the Investor has the right to convert into equity into the Issuer.

29. Material Adverse Effect⁴³ Any event, development or circumstance having a material adverse effect on:

- (a) the commercial viability of the Project;
- (b) the business, operations, financial condition, or property of the Borrower;
- (c) the ability of any of the Sponsors to perform its obligations under any of the Finance Documents;

⁴² Subject to tax advice on whether the release from the loan obligation creates a tax issue for the Borrower. Alternative is to consider novating the loan obligations from Borrower to Sponsor.

⁴³ Based on APLMA

- (d) the validity or enforceability of the Finance Document; or
 - (e) the rights and remedies of the Finance Parties under any of the Finance Documents.
30. Amendments and Waivers With Investor's approval (subject to an approval from the World Bank)
31. Governing Law Indonesian law
32. Language All documentation will be in English and Bahasa Indonesia (to the extent allowed by law), with Bahasa Indonesia to prevail in the event of any inconsistency, or if not and if required by law, in Bahasa only.
33. Submission to Jurisdiction (a) Facility Agreement (Facility B) where only Indonesian Sponsor(s): disputes resolved by Indonesian courts:
- (b) Facility Agreement (Facility B) where one or more foreign Sponsors: disputes resolved by arbitration. Arbitration to be conducted in accordance with BANI rules, with three arbitrators, and the seat of arbitration to be Jakarta.

Attachment 1 to Term Sheet

Determination of Fair Market Value

1. A template Spreadsheet Model ("**Model**") will be provided to the Borrower as part of the application to the Facilities ("**Application**"). The template Model will include a cell which is labelled "**Developer Fair Market Value**" (such cell being referred to as the "DFMV Cell").
2. The Borrower will fill in the Model based on information they provide as part of the Application.
3. The Lender will evaluate the Model alongside other aspects of the Application. The Lender has the right to accept or reject the Borrower's Model inputs and the Borrower will have the right to resubmit a revised Model.
4. Once the Model is approved as part of the Application process, the Model (and its variables and assumptions) (the "**Approved Model**") will be fixed and not subject to any future adjustment, except in respect of the following four parameters ("**Adjustable Parameters**"):
 - (a) Enthalpy (kJ/kg);
 - (b) MW production from the Project (MW);
 - (c) Total Budget;
 - (d) MW production from exploration wells;
 - (e) Outstanding Financial Instrument Facility;
 - (f) Exploration period;
 - (g) Expected PPA Tariff;
 - (h) Discount rate (Indonesia government 5-year bond rate).
5. The Approved Model will put into a mutually agreeable escrow arrangement (aimed at preserving the integrity of the Approved Model).
6. Where the Facilities documentation requires the calculation of the Developer Fair Market Value to be carried out at any time, the Borrower shall submit to the Investor the Approved Model, except that the Borrower shall update the Adjustable Parameters in the Approved Model and submit the same to the Investor (with supporting information to verify such Adjustable Parameters), and such updated model shall be referred to as the "Borrower's Updated Model"
7. Upon receipt of the Borrower's Updated Model, the Lender shall have the right to independently review the revised Adjustable Parameters that have been included in the Borrower's Updated Model.
8. Where in respect of the DFMV Cell referred to in paragraph 1 above:
 - (a) the Borrower and the Lender agree on the values of the Adjustable Parameters included in the Borrower's Updated Model, the Developer Fair Market Value shall be deemed to be equivalent to such DFMV Cell; and
 - (b) the Lender and Borrower are unable to agree on the values of the Adjustable Parameters under 4(a) and (b) of this Attachment to be included in the Issuer's Updated Model, the Adjustable Parameters in dispute shall be determined by an Approved Geothermal Consultant.
 - (c) the Issuer and Investor are unable to agree on the values of the Adjustable Parameters under 4(c) to (h) of this Attachment to be included in the Issuer's Updated Model, the Adjustable Parameters in dispute shall be determined by the Investor.

For the purposes of this DFMV determination process, an Approved Geothermal Consultant is a consultant from a list of top tier geothermal consulting firms which will be hired/appointed by PT SMI.

Attachment 2 to Term Sheet

Tariff determination for DFMV model

In the event where exploration drilling is completed, and if there is an HOA but not yet a PPA, the HOA should contain a formula for the determination of the PPA price, which is agreed with PLN. This formula would then determine the FMV price for a given capacity. The capacity would be determined from a post-exploration feasibility study provided that it is assumed to be less than what was assumed when the FMV formula was locked (i.e. Investor will assume that the capacity is unchanged unless Issuer can prove that it is smaller). If the HOA specifies a potential range of tariff and not a specific PPA price, for the purpose of the DFMV model's tariff input, an average price of the range of tariff specified will be used ($\text{Max Tariff} + \text{Min Tariff} / 2$). If the HOA does not specify any specific or range of tariff, then the tariff input in the model will be the figure agreed at the time of the financing application (agreed tariff input between PT SMI and the developer, with no objection from IBRD, still within the allowable tariff under the prevailing regulation at the time of the transaction) which is put into legal escrow.

In the event where exploration is completed, and there is neither an HOA nor a PPA approved by PLN, then the tariff input in the model will be the figure agreed at the time of the financing application (agreed tariff input between PT SMI and the developer, with no objection from IBRD) which is put into legal escrow.

In the event where exploration drilling is not completed or abandoned by the developer, then there is naturally neither an HOA nor a PPA approved by PLN. The tariff input in the model will be the figure agreed at the time of the financing application and which is put into legal escrow.

Annex 4 Quarterly Progress Report Template

The sample format or content of a Quarterly Progress Report is provided below.

1. Summary of Exploration Licenses

Briefly summarize all the required licenses in Table 1

Table 1: Summary of Required Licenses

License	Expiry Date	License Number	Status/Remarks
IPB			
Exploration license			
Surat Jaminan Kelayakan Usaha PT PLN			
IUPTLS/IUPTL			
UKL-UPL/AMDAL/Izin Lingkungan			
IPPKH			
SIPPA/SIPA			
Izin Lokasi dan HO			
Other license (if any)			

2. Power Purchase Agreement (if any)

Briefly summarize the PPA status in this section – if any

3. Land Acquisition

Briefly summarize the land acquisition status that required for the exploration phase in this section. Provide map of acquired land parcel in the exploration area.

4. Community Engagement and Development

Briefly summarize the recent activities related to community engagement and development. Provide pictures and list of participants involved in the activities. Provide information on the community issues, ongoing and potential, that are becoming concern of the company currently (if any).

5. Environmental Monitoring

Briefly summarize the recent activities related to environmental monitoring. Provide pictures of the activities. Provide information on the environmental issues, ongoing and potential, that are becoming concern of the company currently (if any).

6. Procurement

Briefly summarize the procurement status that required for the exploration phase in this section. Provide list of awarded contract, ongoing procurement, and future procurement plan.

7. Geoscience Study

Briefly summarize the geoscience study update that required for the exploration phase in this section. Provide list of the geoscience studies. Provide actual cost spent, progress percentage, and estimated completion date. Provide information of any issues related to the geoscience study or survey (if any).

8. Drilling Infrastructure

Briefly summarize the construction progress of drilling infrastructure that required for the exploration phase in this section. Provide:

- actual cost spent, progress percentage, and estimated completion date;*
- information of any issues related to the civil works (if any);*
- HSE statistics related to civil works activities;*

- *information on any incident related to drilling infrastructure construction (if any);*
- *pictures of the latest progress of each infrastructure (wellpad, basecamp, staging area, laydown area, access road, water supply, etc.)*

9. Exploration Drilling

Briefly summarize the progress of the exploration drilling. Provide:

- *actual cost spent per well, progress percentage, and estimated completion date;*
- *information of any issues related to the exploration (if any);*
- *actual and planned DvD (days versus depth) chart for each well;*
- *HSE statistics related to drilling activities;*
- *the most recent drilling and geoscience organization chart;*
- *information on any incident related to drilling operation (if any);*
- *pictures of the drilling activities (bird view and panoramic view);*
- *well location and well trajectory map*

10. Well Testing

Briefly summarize the progress of the well testing activities. Provide:

- *actual well testing cost spent per well, progress percentage, and estimated completion date;*
- *well testing activities summary;*
- *HSE statistics related to well testing activities;*
- *information on any incident related to well testing operation (if any);*
- *pictures of the well testing activities (bird view and panoramic view);*

11. Finance

Briefly summarize the finance position in this section. Provide:

- *Tax obligation summary;*
- *Iuran Tetap Eksplorasi / PNBP summary;*
- *CAPEX realization summary;*
- *Budget plan / RAB summary;*
- *OPEX summary*

Annex 5 Final Drilling Report

The sample format or content of a Final Drilling Report is provided below:

1. Well Summary

Developer Name:		Well Name:	
WKP Name:		Well Type:	
Field Name:		Wellpad Name:	
IPB License Number:		Rig Name:	
GREM ID:		Surface Coordinate:	

	Program	Actual	Actual Variances	% Variances
Spud Date				
Completion Date				
Dry Hole Days				
Moving Days				
Operation Days				
Completion Testing Days				
Rig Days				
Total Depth				
Well Cost Per Meter, US\$/M				
Well Cost Per Day, US\$/DAY				
Total Tangible Costs				
Total Intangible Costs				
Total Costs				

2. Executive Operation Summary

Briefly describe the actual drilling operation activity in this well, including mobilization/moving days, drilling days, NPT breakdown, hole problems encountered, production casing setting depth, mineral alteration, downhole data acquisition, total depth, HSE statistics, non-technical issues, etc

3. Casing and Cementing Summary

Casing Size (in)	Program			Actual			Cement		
	Depth Interval (m)	Qty (jts)	Casing Specification	Depth Interval (m)	Qty (jts)	Casing Specification	Volume (bbls)	Type	TOC (m)

4. Drilling Summary

Hole Size (in)	Depth Interval (m)	Bit Type	Bit IADC Code	Mud Type	Mud Weight	Mud PV/YP	Mud FL	WOB/ RPM/ GPM	Hole Problems

5. Well Schematic

Provide both well schematic, program and actual with the same scale to be compared side-by-side

6. Wellhead Summary

Wellhead Component	Pressure Rating (psi)	Detail Specification	Manufacturer

7. Drilling and Well Pictures

Provide:

- Drilling operation activity (rig and wellpad) pictures from bird view and eye-level angle showing rig layout and wellpad situation, water pond, rig floor, driller console, and drilling water source(s);
- Completion testing activity pictures from bird view and eye-level angle showing PTS logging unit, well situation and pumping unit;
- Well pictures after completion testing from bird view and eye-level angle showing cellar, wellhead and master valve

8. Days Versus Depth (DvD)

Provide chart of Days versus Depth, in meter, with two plots (“program” in blue, “actual” in red) and remarks for all major NPT

9. Problem Summary

No.	Problem Occurred During Operation	Days Impact	Budget Impact (US\$)	Technical Explanation	Supporting Document
1.	Moving In/Rigging Up				
2.	Stuck Pipe				
3.	Fishing Job				
4.	Lost in Hole				
5.	Side Track				
6.	Well Control				
7.	Downhole Problem				
8.	Drill String Failure				
9.	Rig Repair				
10.	Cement Job				
11.	Logging Job				
12.	Run Casing				
13.	Weather				
14.	Coring Job				

10. Changes of Program

No.	Changes of Program	Budget Impact (US\$)	Technical Explanation	Supporting Document
1.				
2.				
3.				
4.				

11. Organization Chart

Position	Name	Email / Mobile
Kepala Teknik Panas Bumi (KTPB)		
Geoscience / Sub-surface Manager		
Drilling Manager		
Drilling Superintendent		

Sr. Drilling Engineer		
Drilling Engineer		

12. List of Drilling Contractors

No.	Contractor Services	Contractor Name	Contract Document Number	Contact Name	Email / Mobile

13. Cost Details

Well Name:						Spud in Date:			
Developer Name:						Total Drilling Days:			
Rig Name:									
No.	Cost Description	Unit	Program			Actual			Variance (%)
			Qty	Unit Price	Total	Qty	Unit Price	Total	
1.	Tangible Cost								
2.	Conductor – size ?	m							
3.	Surface casing – size ?	m							
4.	Intermediate casing – size ?	m							
5.	Production casing – size ?	m							
6.	Production liner 1 – size ?	m							
7.	Production liner 2 - size	m							
8.	Subtotal Casing				xxx			xxx	
9.	Casing Accessories								
10.	Float eqpt., centralizers	Lot							
11.	Tieback adaptor set	Set							
12.	Whipstock	Lot							
13.	Others: CR, stage cementing	Unit							
14.	Subtotal Casing Accessories				xxx			xxx	
15.	Well Equipment Surface								
16.	Casing Head Section	Set							
17.	Master Valve Section	Set							
18.	Christmas Tree Section	Set							
19.	Wellhead Installation Section	Set							
20.	Others: WH service, etc.	Set							
21.	Subtotal Well Equipment Surface				xxx			xxx	
22.	Other Tangible Cost								
23.	...								
24.	Total Tangible Cost				xxx			xxx	
25.	Intangible Cost								
26.	Drilling Rig								
27.	Drilling Rig Mob/Demob/Moving Interwell	Lot							
28.	Drilling Rig Rental	Days							

29.	Subtotal Drilling Rig				xxx			xxx	
30.	Drilling Services								
31.	Drilling Fluid/Mud, Chemical and Engineering Services	Lot							
32.	Drilling Water Supply	Lot							
33.	Aerated Drilling Services								
34.	Directional Drilling and Services	Lot							
35.	Casing Installation	Lot							
36.	Cement, Cementing and Pumping Fees	Lot							
37.	Rig Inspection Services	Lot							
38.	Tubular Inspection Services	Lot							
39.	Fishing and Milling Services	Lot							
40.	Subtotal Drilling Services				xxx			xxx	
41.	Bit & Reamers								
42.	26"	Ea							
43.	17-1/2"	Ea							
44.	12-1/4"	Ea							
45.	9-7/8"	Ea							
46.	8-1/2"	Ea							
47.	7-7/8"	Ea							
48.	Others: nozzles, bit breakers	Ea							
49.	Subtotal Bit & Reamers				xxx			xxx	
50.	Formation Evaluation								
51.	Coring	Lot							
52.	Mud Logging Services	Days							
53.	OH Logging: SFTT, BHI, DHV, etc.	Lot							
54.	Completion testing, PTS, Well Stimulation	Lot							
55.	Wellsite Geologist	Lot							
56.	Subtotal Formation Evaluation				xxx			xxx	
	General								
57.	Supervision	Lot							
58.	Insurance	Lot							
59.	Permits and Fees	Lot							
60.	Land Transportation	Lot							
61.	Other Transportation	Lot							
62.	Fuel Supply (total)	Liter							
63.	Camp Facilities	Lot							
64.	Allocated Overheads								
65.	• Site	Lot							
66.	• Jakarta/HO	Lot							
67.	Technical Services/Expert Fees	Lot							
68.	Subtotal General				xxx			xxx	
69.	Total Intangible Cost				xxx			xxx	
70.	TOTAL COST				xxx			xxx	

14. Appendix

Provide full final reports from all drilling contractors

Annex 6 Interim Financial Reports (IFR) Forms

The following forms are used for quarterly reporting purpose to PT SMI, as specified in section 7 “Interim Financial Reports”:

- Form 1-A: Designated Account (DA) Activity Statement
- Form 1-B: Summary Sheet for Payment of Contracts Subject to Prior Review (only public developers)
- Form 1-C: Summary Statement of Expenditures (Sum-SOE)
- Form 1-C2: Statement of Expenditures - Detail Expenditures for Contracts Not Subject to Prior Review
- Form 1-D: Project Cash Forecast
- Form 1-E: Disbursement and Expenditures Status
- Form 1 F: Summary Statement - Expenditures for Contracts Subject to Prior Review
- IFR-1: Project Sources and Uses of Funds
- IFR-2: Project Uses of Funds by Category

IFRs using the agreed format will be submitted to PT SMI on a quarterly basis, within 45 days from the end of each reporting period. In case there is no transaction within a quarter, sub-borrowers must still submit the IFR to PT SMI. The IFR templates as listed above are available as Excel files.

Form 1-A: Designated Account (DA) Activity Statement

Indonesia Geothermal Resource Risk Mitigation Project (GREM)				
PT SMI.....				
Designated Account Activity Statement				
For the Reporting Period (mm/dd/yy) - (mm/dd/yy)				
Currency :				
Special Account No :				
Part I				
1. Cumulative advance to end of current reporting period			-	
2. Cumulative expenditures to end of last reporting period			-	
3. Outstanding advance to be accounted (1-2)			-	
Part II				
4. Opening SA balanced at beginning of reporting period (as of, 20....)			-	
5. Add/Subtract : Cumulative adjustments (if any) *		-		
6. Advances from PT SMI during reporting period		-		
7. Add 5 and 6			-	
8. Outstanding advances to be accounted for (4+7)			-	
9. Closing SA balance at end of current reporting (as of, 20...)			-	
10. Add/subtract: Cumulative adjustments (if any) **		-		
11. Expenditures for current reporting period		-		
12. Add 10+11			-	
13. Add 9+12			-	
14. Difference (if any) 10-15 ***			-	
Part III				
15. Total Forecasted amount to be paid by PT SMI			-	
16. Less : Closing SA balance after adjustment		-		
17. Add/subtract: Cumulative adjustments (if any) ****				
18. Add 16+17			-	
21. Cash requirement from PT SMI for next six months (15-18)			-	
22. Round Down				
Note				
* Explanation for item 5 (if not zero):	IFR & AW Ref.	Amount (+/-)		
		-		
** Explanation for item 10 (if not Zero):	IFR & AW Ref.	Amount (+/-)		
		-		
*** Explanation for item 14 (if not Zero):	IFR & AW Ref.	Amount (+/-)		
		-		
**** Explanation for item 17 (if not Zero):	IFR & AW Ref.	Amount (+/-)		

Form 1-B: Summary Sheet for Payment of Contracts Subject to Prior Review (only public developers)

Indonesia Geothermal Resource Risk Mitigation Project (GREM)												
PT SMI.....												
Summary Sheet for Payment of Contract Subject to Prior Review (only public developers)												
Quarter : (mm/dd/yy)												
1	2	3	4	5	6	7	8	9	10	11	12,00	13
Item No.	Disbursement Category	Cross-Ref Payment	Date of Payment	Contract No. and Date	Supplier/ Contractor Name	Contract Value (incl. VAT)	Total Amount Paid to Contractor	PT SMI Financing %	Amount of PT SMI portion paid	Exchange Rate Applied	Amount Charged to SA (USD eqv)	PT SMI contract ref. **/
1	Goods, works, consulting services and non-consulting services of the Project											
	<i>Subtotal</i>					-	-		-		-	
	GRAND TOTAL					-	-		-		-	

Form 1-C: Summary Statement of Expenditures (Sum-SOE)

Indonesia Geothermal Resource Risk Mitigation Project (GREM)									
PT SMI.....									
Summary Statement of Expenditures (Sum-SOE)									
Quarter: mm/dd/yyyy									
1	2		3	4	5	6	7	8	9
Item No.	Disbursement Category		Threshold for SOEs (USD eqv)	Number of Payment covered	Country of supplier/ consultant/ training	Total Paid to Contractors/ Expenditures	PT SMI Financing %	Amount of PT SMI portion paid	Amount Charged to SA (IDR)
	Cat No.	Description							
	1	Goods, works, consulting services and non-consulting services of the Project							
	GRAND TOTAL								

Form 1-C2: Statement of Expenditures - Detail Expenditures for Contracts Not Subject to Prior Review

Indonesia Geothermal Resource Risk Mitigation Project (GREM)												
PT SMI.....												
Statement of Expenditures												
Detail Expenditures for Contracts Not Subject to Prior Review												
Quarter : (mm/dd/yy)												
1	2		3	4	5	6	7	8	9	10	11	12
Item No.	Disbursement Category		Cross-Ref Payment No.	Date of Payment	Contract No. and Date	Supplier/ Contractor Name	Contract Value (incl. Add)	Total Amount Paid to Contractor	PT SMI Financing %	Amount of PT SMI portion paid	Exchange Rate Applied	Amount Charged to SA (USD eqv)
1	Goods, works, consulting services and non-consulting services of the Project											
	<i>Subtotal</i>						-	-		-		-
	<i>GRAND TOTAL</i>											

Form 1-D: Project Cash Forecast

Indonesia Geothermal Resource Risk Mitigation Project (GREM)						
PT SMI.....						
Project Cash Forecast						
For the Quarter Ending (mm/dd/yy)						
			(a) PT SMI Cash Requirement for Quarter ending, 20.... (IDR)	(b) PT SMI Cash Requirement for Quarter ending, 20.... (IDR)	(c)=(a)+(b) Total Cash Requirement for next two quarters (six months) (IDR)	(d) PT SMI Cash Requirement next two quarters (six months) (IDR)
		Disbursement Category				
		Goods, works, consulting services and non-consulting services of the Project				
		1				
		Total	-	-	-	-

NOTE:

Exchange rate applied = Rp/ USD

Form 1-E: Disbursement and Expenditures Status

<div>Indonesia Geothermal Resource Risk Mitigation Project (GREM) Disbursement and Expenditures Status For the Quarter ending (mm/dd/yy) PT SMI.....</div> <div>Form 1 - E</div> <div>in USD</div>								
Grant Cat	Detail of Category	Loan Allocation	Disbursement	Expenditures			Remaining Amount of Contract 8 = 3 - 6	Remaining Loan Allocation 9
				Current Quarter 5	Cumulative to date 6	Expenditures not yet replenish 7		
1	2	3	4	5	6	7	8 = 3 - 6	9
1	Goods, works, consulting services and non-consulting services of the Project							
Note :								

Form 1 F: Summary Statement - Expenditures for Contracts Subject to Prior Review

<p align="center"> Indonesia Geothermal Resource Risk Mitigation Project (GREM) Summary Statement Expenditures for Contracts Subject to Prior Review (only public developers) For the Quarter ending (mm/dd/yy) PT SMI..... </p>										Form 1 - F	
No.	Comp	Reference Contract			Payment PT SMI		Total Payment		Remaining Balance		
		Number/ Date	Amount Rp.	Name	Number/ Date	Amount Rp.	Rp	US \$	Rp	US \$	
1	2	3	4	5	6	7	8=6	9=7	10= 4-8	11	
1											
2											
3											
4											
				TOTAL							

IFR-1: Project Sources and Uses of Funds

Indonesia Geothermal Resource Risk Mitigation Project (GREM)									
PT SMI									
Project Sources and Uses of Funds									
for the quarter ending (mm/dd/yy)									
currency: ____									
	Actual / i			Planned			Variance %		
	Current Quarter	Year-To Date	Cumulative To-Date	Current Quarter	Year-To Date	Cumulative To-Date	Current Quarter	Year-To Date	Cumulative To-Date
	1	2	3	4	5	6	7=1/4	8=2/5	9=3/6
Sources of Funds									
Loan									
1									
Financial Instrument									
2									
Equity									
3									
Total Sources of Funds	-	-	-	-	-	-			
Uses of Funds (by Category)									
1 Goods, works, consulting services and non-consulting services of the Project									
Total Uses of Funds									
Balance	-	-	-	-	-	-			

IFR-2: Project Uses of Funds by Category

Indonesia Geothermal Resource Risk Mitigation Project (GREM)						
PT SMI						
Project Uses of Funds by Category						
for the quarter ending (mm/dd/yy)						
Uses of Funds (by Category) */	Expenditures in the Current Quarter					
	Total	Direct Payment	Reimbursement	Outstanding	charged to PT SMI Sp.Acc	charged to PT SMI Sp.Acct
	Rp	Rp	Rp	Rp	Rp	US\$
	1	2	3	4	5	6
1 Goods, works, consulting services and non-consulting services for Component 1 of the Project						
Total Uses of Fund	-		-	-	-	-
Average Exchange rate:						#DIV/0!
Uses of Funds (by Category) */	Expenditures in Year to Date					
	Total	Direct Payment	Reimbursement	Outstanding	charged to PT SMI Sp.Acc	charged to PT SMI Sp.Acct
	Rp	Rp	Rp	Rp	Rp	US\$
	7	8	9	10	11	12
1 Goods, works, consulting services and non-consulting services for Component 1 of the Project						
Total Uses of Fund	-		-	-	-	-
Average Exchange rate:						#DIV/0!
Uses of Funds (by Category) */	Cumulative Expenditures to Date					
	Total	Direct Payment	Reimbursement	Outstanding	charged to PT SMI Sp.Acc	charged to PT SMI Sp.Acct
	Rp	Rp	Rp	Rp	Rp	US\$
	13	14	15	16	17	18
1 Goods, works, consulting services and non-consulting services for Component 1 of the Project						
Total Uses of Fund	-		-	-	-	-
Average Exchange rate:						#DIV/0!

Annex 7 Procurement Plan

The requirement to submit procurement plan is only applied to GREM Public Window. The Procurement Plan, including its updates, shall include:

- a. a brief description of the activities/contracts;
- b. the selection methods to be applied;
- c. cost estimates;
- d. time schedules;
- e. the Bank's review requirements;
- f. the applicable Procurement Documents; and
- g. any other relevant procurement information

The sample of Procurement Plan is provided below:

Procurement Plan

Activity Reference Number	Activity Description	Review Type	Category	Procurement Methods	Estimated Cost	Remarks
FC1	Technical Consultant	Prior	Consultant Services	QCBS	USD 500.000	

Annex 8 Declaration Form

The following provides a sample of the declaration letter to be submitted by the borrower stating that it and the Sponsor(s) have not been involved in money laundering or the financing of terrorism activities and has never been sanctioned under the World Bank Group Sanction System. The borrower shall submit Declaration Form in English or in Bahasa Indonesia with English Translation version.

English Version

DECLARATION LETTER

I/We, the undersigned below, as the authorized representative(s) of [Name of the Borrower]:

Name :
Title :
Address :
Email :
Phone :

in connection with the financing application for the Geothermal Resource Risk Mitigation (GREM) Facility, hereby declare that:

1. [Name of the Borrower] and its Sponsor(s) have never been involved in money laundering and/or financing of terrorism activities,
2. [Name of the Borrower] and its Sponsor(s) have never been sanctioned under the World Bank Group Sanction System.

This declaration letter is made truthfully and to be used accordingly.

[Place, Date]

[Name of the Borrower]

Name of the Authorized Representative(s)

Title

Bahasa Indonesia version

SURAT PERNYATAAN

Saya/Kami, yang bertanda tangan di bawah ini, bertindak atas nama [Nama Debitur]:

Nama :
Jabatan :
Alamat :
Email :
Telepon :

Sehubungan dengan pengajuan fasilitas pembiayaan *Geothermal Resource Risk Mitigation* (GREM) dengan ini menyatakan bahwa:

1. [Name Debitur] dan Sponsor tidak pernah terlibat dalam aktivitas pencucian uang dan/atau pembiayaan aktivitas terorisme,
2. [Name Debitur] dan Sponsor tidak pernah menerima sanksi World Bank Group Sanction System.

Surat pernyataan ini dibuat dengan sejujurnya dan untuk dipergunakan sebagaimana mestinya.

[Tempat, Tanggal]

[Nama Debitur]

Nama

Jabatan

Annex 9 Preliminary Identification of Eligible Costs (PIEC)

In connection with the legacy financing mechanism, the borrowers may submit to PT SMI a list of Preliminary Identification of Eligible Cost (PIEC) with payment dates of the expenditures are limited to 12 months prior to submission of the PIEC. The following table provides a general guideline of PIEC document. It is expected that the borrowers will provide PT SMI with the detailed costs that may be considered part of the eligible costs for legacy financing (refer to Section 3: Financing Support to Developers). PT SMI, supported by an independent consultant, will review and verify further which cost items in PIEC are eligible for legacy financing.

Preliminary Identification of Eligible Costs (PIEC)

Expense	Category	Value (USD/IDR)	Payment Date (dd-mm-yyyy)	Supporting Document(s) (Invoice, Minutes of Handover, Proof of Payment, etc)	Remarks
Literature review / Desktop study	Surface studies				Applicable for public window only ⁴⁴
Airborne survey / Aerial photography / LiDAR	Surface studies				Applicable for public window only ⁸
Hydrological studies / Water availability studies	Surface studies				Applicable for public window only ⁸
Geological mapping / Structural mapping / Petrography and XRD Analysis	Surface studies				Applicable for public window only ⁸
Geochemical studies	Surface studies				Applicable for public window only ⁸
Geophysical studies / MT and Gravity Processing and Interpretation / Microseismicity studies	Surface studies				Applicable for public window only ⁸
Data integration / Conceptual model and review /	Well targeting				Applicable for public window only ⁸

⁴⁴ Subject to further confirmation with the provisions in PMK 62 amendment

Resource Assessment and review / Early Reservoir Modeling / Well decision strategy					
Temperature Gradient Hole (TGH) / Temperature Coring Hole (TCH)	Exploration and delineation drilling				
Rig for deep slimhole well / Slimhole drilling (including fuel and mob-demob)	Exploration and delineation drilling				
Other drilling services for deep slimhole well / Slimhole drilling (including fuel and mob-demob)	Exploration and delineation drilling				
Rig for standard hole / Big hole / Full-size wells (including fuel and mob-demob)	Exploration and delineation drilling				
Other drilling services for standard hole / Big hole / Full-size wells (including fuel and mob- demob)	Exploration and delineation drilling				
SFTT / PTS / Borehole imaging / Electrical logging / Other downhole wireline survey	Well testing				
Other testing while drilling	Well testing				
Completion testing	Well testing				
Heating-up survey	Well testing				

Annex 10 Withdrawal Application Letter

The following provides the withdrawal application letter to be submitted by the borrower to PT SMI for each disbursement.

PERMINTAAN PENGGUNAAN

[*kop surat debitur*]

Dari : PT [●]
Kepada : PT Sarana Multi Infrastruktur (Persero)
Tanggal :

Dengan hormat:

PT [●] – Perjanjian Pembiayaan tanggal [***] (“Perjanjian”)

1. Kami merujuk pada Perjanjian. Dokumen ini adalah Permintaan Penggunaan terhadap Fasilitas Pembiayaan. Istilah yang didefinisikan dalam Perjanjian memiliki pengertian yang sama ketika digunakan dalam Permintaan Penggunaan ini kecuali diberikan pengertian lain dalam Permintaan Penggunaan ini.
2. Kami bermaksud untuk menarik Fasilitas Pembiayaan sebagai berikut:
 - Jumlah Penggunaan: [●]
 - Rencana Tanggal Penggunaan: [●]
3. Tujuan Penggunaan Fasilitas Pembiayaan tersebut untuk:
Sebesar [jumlah dan terbilang] untuk keperluan pembiayaan aktivitas eksplorasi panas bumi di [nama wilayah kerja panas bumi] sehubungan dengan [spesifik tujuan penggunaan dana]
4. Dana hasil Pembiayaan dikreditkan/ditransfer ke rekening sebagai berikut:
[masukan informasi rekening khusus untuk pencairan fasilitas GREM]
5. Kami menyatakan bahwa:
 - (a) Tujuan atau tujuan-tujuan Pinjaman yang ditetapkan dalam Permintaan Penggunaan ini sesuai dengan penggunaan Fasilitas Pembiayaan yang diperbolehkan berdasarkan Perjanjian Pembiayaan tersebut dan tidak ada bagian dari Fasilitas Pembiayaan yang diminta yang akan dipergunakan selain dari sebagaimana yang ditetapkan dalam Permintaan Penggunaan ini;
 - (b) Pengulangan pernyataan dan jaminan Debitur yang dinyatakan dalam Pasal Pernyataan dan Jaminan Perjanjian adalah benar, akurat, tidak menyesatkan dan tidak menghilangkan fakta material apapun;
 - (c) Tidak terdapat Peristiwa Cidera Janji yang masih belum diselesaikan atau akan timbul dari Pembiayaan yang sedang diminta.
6. Kami menegaskan bahwa setiap kondisi yang disebutkan dalam Pasal Persyaratan Penggunaan dan Persyaratan Lainnya Perjanjian sudah dipenuhi pada tanggal Permintaan Penggunaan ini.
7. Permintaan Penggunaan ini tidak dapat ditarik kembali.

Hormat Kami,
Debitur

Nama:
Jabatan