



Letter No. CD-152/USDRP/V/2012

May 23, 2012

Mr. Rahmat Waluyanto
Director General of Debt Management
Ministry of Finance
Jl. Lapangan Banteng Timur 2-4
Jakarta 10710

Dear Mr. Waluyanto,

***Re: Urban Sector Development Reform Project – Loan Number 7760-IND
(formerly Loan Number 4786-IND) – Amendment to Loan Agreement***

We refer to the Loan Agreement dated October 20, 2005 between the Republic of Indonesia (the "Borrower") and the International Bank for Reconstruction and Development (the "Bank") for Urban Sector Development Reform Project, as amended (the "Loan Agreement"). We also refer to the letter, dated April 11, 2012, from the Ministry of Finance, on behalf of the Borrower, and to the subsequent discussions held among the Borrower team and the Bank team on May 16, 2012 regarding extension of the closing date of the loan and amendment of the performance indicators. Accordingly, the Loan Agreement is amended as set out in the attachment to this letter.

Except as specifically amended hereby, all other provisions of the Loan Agreement remain in full force and effect. Please confirm the agreement, on behalf of the Borrower, to the amendments set forth above, by signing and dating the form of confirmation set forth below, and returning one fully signed original of this letter of amendment to us. Upon receipt by the Bank of one of the originals of this amendment letter duly countersigned by the Borrower, this amendment letter shall be deemed to have been effective as of the date of countersignature by the Borrower.

Sincerely,

Shubham Chaudhuri
Acting Country Director, Indonesia

CONFIRMED:

REPUBLIC OF INDONESIA

By:

Name: Rahmat Waluyanto

Title: Director General of Debt Management

Date: June 8, 2012

cc:

Ministry of Finance

- Mrs. Ayu Sukorini, Acting Director, Directorate of Funds
- Mr. Tomarbulang Lumban Tobing, Deputy Director, Directorate of Funds

BAPPENAS

- Mr. RM Dewo Broto Joko Putranto, Director for Multilateral Foreign Financing
- Mrs. Hayu Parasati, Director for Urban and Rural Development
- Mr. Max Pohan, Deputy Minister for Regional Autonomy and Development

Ministry of Public Works

- Mr. Antonius Budiono, Director of Program Development, DG Human Settlements
- Mr. Budi Yuwono, Director General of Human Settlements
- Mr. Dwityo Akoro Soeranto, Head of CPMU USDRP

ATTACHMENT
Urban Sector Development Reform Project
Amendment to Loan Agreement – Loan Number 7760-IND
(formerly Loan Number 4786-IND)

1. Section 2.03 of the Loan Agreement (Closing Date). The Bank has established May 31, 2013 as the later date for the purposes of Section 2.03 of the Loan Agreement.
2. Schedule 2 (Project Description). The final sentence of Schedule 2 is deleted.
3. Schedule 6 (Performance Indicators). Indicator (iii) under Part A “Urban Reform – Participating ULGs practice sound procurement” in Schedule 6 is amended as set out below. The revised indicator is in italics for ease of reference.

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| <p>Participating ULGs practicing sound Procurement</p> <p>(i) Min. 75% of the bids be awarded within the bid validity period, and publicized in the public domain, e.g. website, local bulletin</p> <p>(ii) Min 50% of tendering committee members have national procurement certification</p> <p>(iii) <i>Performance evaluation of contractors/suppliers is conducted in at least one Dinas in the particular ULG and records are available</i></p> | <p>At least 60 % of Participating ULGs achieve (i), (ii) and (iii)</p> |
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For the purposes of the foregoing performance indicator, “Dinas” means the local unit at the ULG level.