Dear Mr. Waluyanto:

Re: TF094088-ID (Multi-Donor Trade and Investment Climate Facility Grant) – Amendment of Grant Agreement – Additional Financing

I refer to the Grant Agreement, dated April 13, 2009 (the “Grant Agreement”), between the Republic of Indonesia (the “Recipient”) and the International Bank for Reconstruction and Development (the “World Bank”), acting as administrator of grant funds provided by the Netherlands Minister for Development and Cooperation, under the Multi-Donor Trade and Investment Climate Facility (TF071144) regarding the abovementioned project (the “Project”), and to your Ministry letter dated May 24, 2010 requesting amendment to the Grant Agreement to reflect a scale-up of activities.

The World Bank is pleased to inform you that, after due consideration, it has agreed to the request or additional financing for the scale up and to the amendments set out below (the “Amendment”)

1. The first paragraph of the Grant Agreement is amended to provide an additional grant (the “First Additional Grant”) in the amount of five hundred eighty thousand United States Dollars (USD 580,000) to support the objectives and activities of the Project as follows:

   “In response to the request for financial assistance made on behalf of Republic of Indonesia (the "Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development, acting as administrator of grant funds provided by the Netherlands Minister for Development and Cooperation, under the Multi-donor Trade and Investment Climate Facility (TF071144,) (the "Program"), proposes to extend to the Recipient, grant in an amount not to exceed one million five hundred eighty thousand United States dollars (U.S.$1,580,000) (the "Grant"), of which five hundred eighty thousand United States dollars (U.S. $580,000) constitutes the first additional grant (“First Additional Grant”), on the terms and conditions set forth or referred to in this letter agreement (the "Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex (the "Project"). This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the Recipient may withdraw the Grant proceeds subject to the availability of such funds. Other donors, in addition to the Netherlands Minister for Development and Cooperation, are also expected to contribute to the Program.”
2. Section 1.01 of the Annex to the Grant Agreement is amended to incorporate in the Grant Agreement the modifications to the Standard Conditions, which shall be applicable to the Grant as of the date of this Amendment, as follows:

“The Standard Conditions for Grants Made by the World Bank out of Various Funds dated July 1, 2008 (“Standard Conditions”), with the modifications set forth in Section I of the Appendix to this Annex to this Agreement, constitute an integral part of this Agreement”.

3. Section 2.02(b) of the Annex to the Grant Agreement is amended to incorporate in the Grant Agreement the modifications to the Anti-Corruption Guidelines, which shall be applicable to the Grant as of the date of this Amendment, as follows:

“(b) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 (“Anti-Corruption Guidelines”), , with the modifications set forth in Section II of the Appendix to this Agreement; and”.

4. Section 2.06(a)(i) of the Annex to the Grant Agreement is amended to incorporate in the Grant Agreement the revised Procurement Guidelines as follows:

“(i) Section I of the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the World Bank in May 2004 and revised in October 2006 and May 2010 (“Procurement Guidelines”), in the case of goods; and”.

5. Section 2.06(a)(ii) of the Annex to the Grant Agreement is amended to incorporate in the Grant Agreement the revised Consultants Guidelines as follows:

“(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the World Bank in May 2004 and revised in October 2006 and May 2010 (“Consultant Guidelines”) in the case of consultants’ services; and”.

6. The World Bank hereby reallocates the proceeds of the Grant allocated in the Table in Section 3.01 of the Annex to the Grant Agreement to reflect the First Additional Grant as set out below:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (Inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Consultants’ services</td>
<td>1,270,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, Training, Workshops and Operating Costs</td>
<td>310,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>1,580,000</td>
<td></td>
</tr>
</tbody>
</table>

7. A new Appendix to the Annex to the Grant Agreement is added as set out in the Appendix to this Amendment.
8. Except as specifically amended by the provisions of this letter of amendment, all terms and conditions of the Grant Agreement otherwise remain in full force and effect.

Please confirm your agreement to the foregoing by signing and dating both enclosed copies of this letter in the space provided and returning one signed copy to us. The above amendment will become effective as of the date of the Recipient’s countersignature of this letter.

Sincerely yours,

/s/ Chris Hoban
Acting Country Director, Indonesia

AGREED:

REPUBLIC OF INDONESIA

By: /s/ Rahmat Waluyanto

Name: Rahmat Waluyanto

Title: Director General of Debt Management

Date: July 21, 2010
APPENDIX

Modifications to the Standard Conditions and the Anti-Corruption Guidelines

Section I. The Standard Conditions are modified as follows:

1. The provisions of Section 4.02 (j) of the Standard Conditions are modified to read as follows:

   ... (j) Ineligibility. IBRD or IDA has declared the Recipient (other than the Member Country) ineligible to receive proceeds of any financing made by IBRD or IDA or otherwise to participate in the preparation or implementation of any project financed in whole or in part by IBRD or IDA, as a result of: (i) a determination by IBRD or IDA that the Recipient has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by IBRD or IDA; and/or (ii) a declaration by another financier that the Recipient is ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Recipient has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

Section II. The modifications to the Anti-Corruption Guidelines are as follows:

1. Section 5 is re-numbered as Section 5(a) and a new Section 5(b) is added to read as follows:

   “... (b) These Guidelines also provide for the sanctions and related actions to be imposed by the Bank on Borrowers (other than the Member Country) and all other individuals or entities who are recipients of Loan proceeds, in the event that the Borrower or the individual or entity has been debarred by another financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

2. Section 11(a) is modified to read as follows:

   “… (a) sanction in accordance with prevailing Bank’s sanctions policies and procedures (fn13) a Borrower (other than a Member Country) (fn 14) or an individual or entity, including (but not limited to) declaring such Borrower, individual or entity ineligible publicly, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; (ii) to benefit from a Bank-financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or implementation of the project or any other project financed, in whole or in part, by the Bank, if at any time the Bank determines (fn 15) that such Borrower, individual or entity has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in connection with the use of loan proceeds, or if another financier with which the Bank has entered into an agreement for the mutual enforcement of debarment decisions has declared such person or entity ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the
Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

Footnotes:

“13. An individual or entity may be declared ineligible to be awarded a Bank financed contract upon completion of sanctions proceedings pursuant to the Bank’s sanctions policies and procedures, or under the procedures of temporary suspension or early temporary suspension in connection with an ongoing sanctions proceeding, or following a sanction by another financier with whom the Bank has entered into a cross debarment agreement, as a result of a determination by such financier that the firm or individual has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

“14. Member Country includes officials and employees of the national government or of any of its political or administrative subdivisions, and government owned enterprises and agencies that are not eligible to bid under paragraph 1.8(b) of the Procurement Guidelines or participate under paragraph 1.11(c) of the Consultant Guidelines.”

“15. The Bank has established a Sanctions Board, and related procedures, for the purpose of making such determinations. The procedures of the Sanctions Board sets forth the full set of sanctions available to the Bank. In addition, the Bank has adopted an internal protocol outlining the process to be followed in implementing debarments by other financiers, and explaining how cross-debarments will be posted on the Bank’s website and otherwise be made known to staff and other stakeholders.”