



THE WORLD BANK
IBRD • IDA | WORLD BANK GROUP

OFFICIAL
DOCUMENTS

Ln. 8043-12

RODRIGO A. CHAVES
Country Director, Indonesia

Letter No. CD-040/WB/II/2016

February 23, 2016

Mr. Robert Pakpahan
Director General of Budget Financing and Risk Management
Ministry of Finance
Gedung Frans Seda
Jl. DR. Wahidin Raya No. 1
Jakarta 10710
Indonesia

Dear Mr. Pakpahan:

***Re: Republic of Indonesia: Western Indonesia National Roads Improvement Project
Loan No. 8043-ID - Amendment No. 2***

We refer to the Loan Agreement (the "Loan Agreement"), dated December 14, 2011, between the Republic of Indonesia (the "Borrower") and the International Bank for Reconstruction and Development (the "Bank") for the Western Indonesia National Roads Improvement Project (the "Project"). We also refer to your letter dated February 16, 2016 requesting the Bank, *inter alia*, to: (i) reallocate the proceeds of Loan allocated among the categories of eligible expenditures; (ii) revise the Project description; (iii) change the names of the Project implementing agencies; and (iv) revise the Project's results framework.

We are pleased to inform you that, after due consideration, the Bank accedes to your request. Accordingly, the Bank: (i) hereby reallocates the proceeds of the Loan allocated in the withdrawal table in Section IV.A.2 of Schedule 2 to the Loan Agreement as shown in the revised table in Attachment 1 to this letter of amendment (the "Amendment"); and (ii) proposes to amend the Loan Agreement as set out below in this Amendment.

1. The terms: (i) "Ministry of Public Works" and "MPW"; and (ii) "Directorate of Planning" and "DOP", wherever used in the Loan Agreement shall be replaced by: (a) "Ministry of Public Works and Housing" and "MPWH", respectively; and (b) "Directorate of Road Network Development" and "DRND", respectively.
2. The Project Description in Schedule 1 of the Loan Agreement is amended and restated as follows:

"The Project consists of the following parts:

Part 1: Betterment and Capacity Expansion of National Roads. Betterment (including base course strengthening, minor widening, providing a new asphalt wearing course and improving drainage); and capacity expansion of approximately 640 kilometers of National Roads, including replacement of approximately 160 meters of bridges.

Part 2: Implementation Support. Providing support to the MPWH for the implementation of the civil works, including: (a) provision of Core Team Consultants, Design and

Supervision Consultants, and road safety audits; (b) Project management support and technical audits; and (c) technical advisory services and operational support for slope protection design and management.

Part 3: [DELETED AND INTENTIONALLY LEFT BLANK]

Part 4: Contingency for Disaster Risk Response. Providing preparedness and rapid response to disaster, emergency and/or catastrophic events, as needed.”

3. Section I.A.9 of Schedule 2 of the Loan Agreement is deleted in its entirety.
4. Section I.B.3 of Schedule 2 of the Loan Agreement is deleted in its entirety.
5. Section II.A of Schedule 2 of the Loan Agreement is amended to read as follows:

“The Borrower shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of the indicators acceptable to the Bank and specified in the Project Management Manual. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Bank not later than forty-five (45) days after the end of the period covered by such report.”

6. Annex 1 to Schedule 2 (Work Program Sub-Projects) is amended as stated in Attachment 2 of this Amendment.
7. Annex 2 to Schedule 2 (National Competitive Bidding: Modifications to Procedures) is amended as stated in Attachment 3 of this Amendment.
8. Appendix (“Definitions”): The terms “Directorate of Planning” “DOP” is replaced by the following definitions as follows:

“15. “Directorate of Road Network Development” and “DRND” means the Directorate of Road Network Development of the DGH, or any successor thereto.”

9. Appendix (“Definitions”): The term “Ministry of Public Works” and “MPW” is replaced by the following definition as follows:

“25. “Ministry of Public Works and Housing” and “MPWH” means the Borrower’s Ministry of Public Works and Housing, or any successor thereto.”

Unless the context otherwise requires and except where otherwise defined in this Amendment, all capitalized terms contained herein shall have the meanings given to them in the Loan Agreement.

Except as specifically set out in this Amendment, all terms and conditions in the Loan Agreement remain unchanged.

Please confirm your agreement to the foregoing on behalf of the Borrower by countersigning and dating the corresponding form of confirmation set forth below, and returning one fully countersigned original of this Amendment to us. Upon receipt by the Bank of this Amendment duly countersigned by an authorized representative of the Borrower, the above amendments to the Loan Agreement shall become effective.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

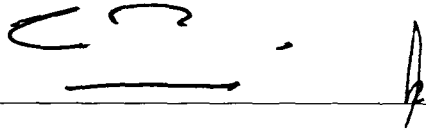


Rodrigo A. Chaves
Country Director, Indonesia

CONFIRMED:

REPUBLIC OF INDONESIA

By:



Name:

ROBERT PAKPAHAN

Title:

DIRECTOR GENERAL OF BUDGET FINANCING
AND RISK MANAGEMENT, MINISTRY OF FINANCE

Date:

MARCH 18, 2016

Attachment 1**Revised Withdrawal Schedule
(Section IV.A.2 of Schedule 2)**

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Civil Works under Part 1 of the Project	220,400,000	70%
(2) Goods, Non-consulting Services, Consultants Services and Incremental Operating Costs* under Part 2 of the Project	17,000,000	100%
(3) Goods, Non-consulting services and Consultants' Services under Part 3 of the Project	0	100%
(4) Works, Goods, Non-Consulting Services, Consultants' Services and Incremental Operating Costs* under Part 4 of the Project	0	100%
(5) Unallocated	12,600,000	
TOTAL AMOUNT	250,000,000	

Attachment 2

REVISED ANNEX 1 TO SCHEDULE 2
Work Program Sub-Projects

No.	Sub-project	Province
List of WP-1 Proposed Sub-Projects		
1	Krui – Biha	Lampung
2	Padang Sawah – Sp. Empat including the Air Gadang Bridge	West Sumatra
3	Manggopoh – Padang Sawah	West Sumatra
4	Ipuh – Bantal	Bengkulu
List of WP-2 Proposed Sub-Projects		
5	Simpang Rampa – Poriaha	North Sumatra
6	Ps. Pedati – Kerkap	Bengkulu
7	Indrapura – Tapan	West Sumatra
8	Bts. Kota Pariaman – Manggopoh	West Sumatra
9	[DELETED AND INTENTIONALLY LEFT BLANK]	[DELETED]
10	Simpang Empat – Sp. Air Balam	West Sumatra
11	Bantal – Mukomuko	Bengkulu
12	Kambang – Indrapura	West Sumatra
13	Sp Rukis – Tj Kemuning	Bengkulu
List of WP-3 Proposed Sub-Projects		
14	Painan – Kambang	West Sumatra
15	Sibolga – Batas TapSel	North Sumatra
16	Seblat - Ipuh including Air Lalang & Air Guntung bridge	Bengkulu
17	Sp. Gng Kemala – Pugung Tampak	Lampung
18	[DELETED AND INTENTIONALLY LEFT BLANK]	[DELETED]
19	Lais – Bintuan	Bengkulu
20	Lubuk Alung – Sicincin	West Sumatra
21	Lubuk Alung – Kuraitaji	West Sumatra

Attachment 3**REVISED ANNEX 2 TO SCHEDULE 2****National Competitive Bidding: Modifications to Procedures**

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

1. Procuring entities shall use the appropriate standard bidding documents acceptable to the Borrower and the Bank. The provisions of Section 1.14 (Fraud and Corruption) of the Procurement Guidelines shall apply, and each bidding document and contract financed out of the proceeds of the Loan shall include provisions on matters pertaining to fraud and corruption as defined in paragraph 1.14(a) of said Guidelines and the contract provisions set out in paragraph 1.14(e) of said Guidelines.
2. Foreign bidders shall not be precluded from bidding. If a registration process is required, a foreign firm determined to be the lowest evaluated responsive bidder shall be given reasonable time for registration. Foreign bidders shall not be required to form a joint venture or sub-contract part of the supply of goods, non-consulting services, and works as a condition for submitting bids or the award of the contract. Bidding documents shall be made available to all international bidders.
3. No preference of any kind shall be given to any bidders.
4. Under the *Pelelangan Umum* method, bidders shall be allowed at least twenty-one (21) days from the date of the invitation to bid or the date of availability of bidding documents, whichever is later, to prepare and submit bids; this period shall be ten (10) days under the *Pemilihan Langsung / Pelelangan Sederhana* method.
5. Bids invited under the *Pelelangan Umum* method shall be submitted in one (1) envelope and evaluated using post-qualification.
6. No bidder shall be rejected merely on the basis of a comparison with the owner's estimate and budget ceiling without the Bank's prior written concurrence.
7. Bid security, if it is required by the bidding documents, at the bidder's option, shall be in the form of a letter of credit or guarantee from a reputable bank or other reputable financial institution and shall without exception follow the form provided for this purpose in the bidding documents.
8. All bids shall not be rejected and new bids solicited without the Bank's prior written concurrence.
9. Government-owned enterprises in Indonesia shall be eligible to participate in bidding provided that they comply with paragraph 1.8(c) of the Procurement Guidelines.