February 24, 2012

Mr. Peter van Rooij  
Director, ILO Country Office for Indonesia and Timor-Leste  
Menara Thamrin Level 22  
Jalan MH Thamrin Kav. 3  
Jakarta 10250

Dear Mr. van Rooij:

Re: Multi-Donor Fund for Aceh and North Sumatra  
Rural Access and Capacity Building Programme (TF095247)  
Amendment No. 2

We refer to the Fiscal Agency Agreement, dated October 26, 2009, (the Fiscal Agency Agreement) between the International Development Association, acting as Trustee (the Trustee) for the Multi Donor Trust Fund for Aceh and North Sumatra (the MDF) and the International Labour Organization (the Partner Agency) for the above-referenced project (the Project), as amended through December 2, 2010. Terms used but not defined in this letter of amendment have the meanings given to them in the Fiscal Agency Agreement.

We refer also to the proposal for additional financing for the Project submitted by the Partner Agency to the Steering Committee of the MDF and endorsed by the Steering Committee on December 21, 2011.

Accordingly, the Fiscal Agency Agreement is amended as set out below.

1. Section 2.02 of the Fiscal Agency Agreement is amended to provide for a further additional amount of four million two hundred thousand United States Dollars (USD4,200,000) for a total amount of sixteen million United States Dollars (USD16,000,000) as set out below.

   "Section 2.02. The Trustee agrees to make available to the Partner Agency, on the terms and conditions set forth or referred to in this Agreement, an amount not exceeding sixteen million United States Dollars (USD16,000,000) (the "MDFANS Funds") for the Project."

2. Section 2.04(c) of the Fiscal Agency Agreement is amended to extend the Closing Date to December 31, 2012.

3. Section 6.02 (b) of the Fiscal Agency Agreement is amended to extend the Closing Date to December 31, 2012.
4. The description of the Project in Schedule 1 to the Fiscal Agency Agreement is amended to provide for additional activities reflecting the additional funding as set out below (amended language is italicized for ease of reference):

1. **Construction Works for Roads and Cultural Heritage Assets**: The construction of about 75 kilometers of light trafficked, ‘all-weather access’ (sub-) district roads and rural pathways and the construction of about 1,220 running meters of small bridges and river crossings and routine maintenance of core roads and pathways, using participatory planning methods and technologies that are gender sensitive and environmentally friendly, and to carry out repairs and improvements on about 200m of existing bridges. Repair, (re-) construction and preservation of selected cultural heritage sites, in close consultation with, and involvement of, the concerned stakeholders. Upon the completion of the works, the responsible stakeholders will have taken effective ownership for the operation and maintenance (O&M) of the completed public physical assets. Review the design for water and sanitation facilities for the traditional village of Bawomataluo and construction of the main civil works structures for the pump, reservoir, water treatment and waste water/sanitation.

2. **Training and Capacity Building**: Training provided to involved District-level PWD staff, to camats, to contractors and their supervisory staff, and to targeted communities about various elements of the planning and implementing of LRB approaches and technologies in rural road rehabilitation, reconstruction and maintenance. On a needs basis, about 22,840 training days of on-the-job training will be provided and 3,100 training days of classroom training.

5. The Table in paragraph A of Schedule 2 to the Fiscal Agency Agreement is amended as set out below:

<table>
<thead>
<tr>
<th>Budget Component</th>
<th>Amount of the MDFANS Funds Allocated (Expressed in United States Dollars)</th>
<th>% of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff (project personnel, missions, travel, evaluation,)</td>
<td>5,364,861</td>
<td>100%</td>
</tr>
<tr>
<td>Sub-contracts for construction works</td>
<td>7,632,185</td>
<td>100%</td>
</tr>
<tr>
<td>Training</td>
<td>440,000</td>
<td>100%</td>
</tr>
<tr>
<td>Operations and equipment</td>
<td>1,052,377</td>
<td>100%</td>
</tr>
<tr>
<td>Program Support Costs</td>
<td>891,100</td>
<td>100%</td>
</tr>
<tr>
<td>Contingencies</td>
<td>619,477</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>16,000,000</strong></td>
<td></td>
</tr>
</tbody>
</table>
6. Paragraph B of Schedule 2 to the Fiscal Agency Agreement is amended as set out below:

B. Table of Partner Agency Costs

In addition to the MDFANS Funds to be made available to the Partner Agency in accordance with Section 2.02 of this Agreement as set out in Section A of this Schedule 2, the Partner Agency shall, in accordance with Section 2.05 of this Agreement, be entitled to reimbursement of the actual costs of appraisal, supervision, and monitoring and evaluation not exceeding 3% ($480,000) of the MDFANS Funds. The table below sets forth the maximum amount of such Partner Agency Costs. It is a condition precedent to the payment of such Partner Agency Costs that the Partner Agency will have submitted to the Trustee invoices satisfactory to the Trustee for Partner Agency Costs incurred. Such Partner Agency Costs will be paid out of TF095482.

<table>
<thead>
<tr>
<th>Maximum Amount of Partner Agency Costs (Expressed in United States Dollars)</th>
<th>% of Partner Agency Costs to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>480,000</td>
<td>100%</td>
</tr>
</tbody>
</table>

Except as specifically amended by the provisions of this letter of amendment, all terms and conditions of the Fiscal Agency Agreement otherwise remain in full force and effect. The above amendment shall enter into effect on the date of the Partner Agency’s countersignature of this letter. Please confirm you agreement to the foregoing by signing and dating the enclosed duplicate of this letter in the space provided and returning it to us.

Sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION, acting as Trustee for the Multi Donor Trust Fund for Aceh and North Sumatra

Shubham Chaudhuri
Acting Country Director, Indonesia

AGREED:
INTERNATIONAL LABOUR ORGANIZATION

By: Peter van Rooij
Name: Director, ILO Country Office for Indonesia and Timor-Leste
Title: Director, ILO Country Office for Indonesia and Timor-Leste
Date: 1-3-2012