CONFORMED COPY

Letter No.:CD-421/PM MD T/IX/2010 September 6, 2010

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

Dear Mr. Waluyanto:

Re: Technical Assistance to Indonesia Tax Administration Reform under the Support Public Financial Management and Revenue Administration Multi Donor Trust Fund TF093998 - Amendment No. 2; Extension of Closing Date and Partial Cancellation

We refer to the Grant Agreement, dated April 22, 2009, as amended through February 10, 2010, between the Republic of Indonesia (the Recipient) and the International Bank for Reconstruction and Development (the World Bank), as administrator of grant funds provided by the Commission of the European Communities and the Netherlands Minister for Development Cooperation for the Public Financial Management Multi-Donor Trust Fund (Parent Trust Fund No. TF070661), for the above-captioned project (the Grant Agreement), and to your letter, dated July 30, 2010, requesting (i) extension of the Closing date until October 31, 2012; and (ii) amendment of the Grant Agreement to reflect a cancellation of $30,000 of the amount of the Grant not needed to complete the Project. The World Bank concurs with your request and accordingly agrees to amend the Grant Agreement as follows:

A. Extension of Closing Date. Accordingly, the World Bank has established October 31, 2012 as the later date for the purposes of Section 3.03 of the Annex to the Grant Agreement

B. Cancellation and Amendment. The World Bank proposes to amend the Grant Agreement as set out below (Amendment No. 2).

1. The amount of the Grant is reduced by the cancelled amount of thirty thousand United States Dollars (US$ 30,000). The total amount of the Grant, following the cancellation, is two million three hundred forty three thousand two hundred United States Dollars (US$2,343,200). All terms and conditions applicable to the Grant, as set out in the Grant Agreement, remain in full force and effect.

2. The table in Section 3.01 of the Annex to the Grant Agreement is amended to reflect the cancellation set out in paragraph 1 of this Amendment No. 2 as follows:
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.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT/
INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Chris Hoban
Chris Hoban
Acting Country Director, Indonesia

AGREED:

REPUBLIC OF INDONESIA

By: /s/ Rahmat Waluyanto
Authorized Representative

Name: Rahmat Waluyanto
Title: Director General of Debt Management
Date: September 20, 2010

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Consultants’ Services</td>
<td>2,343,200</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Cancellation, effective July 30, 2010</td>
<td>30,000</td>
<td></td>
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<tr>
<td>TOTAL AMOUNT</td>
<td>2,373,200</td>
<td></td>
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</tbody>
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CC:
- Mr. Agus Suprijanto, Head of Government of Indonesia MCR Support Public Financial Management and Revenue Administration Multi Donor Trust Fund
- Mr. Moch. Tjiptardjo, Director General of Taxes, Ministry of Finance
- Mr. Maurin Sitorus, Director of Loan and Grant, Ministry of Finance
- Mr. Paruli Lubis, Chair of Advisory Team of Support Public Financial Management and Revenue Administration Multi Donor Trust Fund,
- Mr. Robert Pakpahan, Director Business Process Transformation, Directorate General of Taxes, Ministry of Finance
- Mr. Moh. Hatta, Chair of Project Service and Supporting Unit, GFMRAP