Letter No. CD-151/WISMP II/VII/2014

July 8, 2014

Mr. Robert Pakpahan
Director General of Debt Management
Ministry of Finance
Gedung Frans Seda
Jalan DR. Wahidin Raya No. 1
Jakarta 10710
Indonesia

Dear Mr. Pakpahan:

**Re: Republic of Indonesia - Water Resources and Irrigation Sector Management Program (Phase II)**

**Loan Number 8027-ID**

**Amendment of Loan Agreement**

We refer to the Loan Agreement between the Republic of Indonesia (the “Borrower”) and the International Bank for Reconstruction and Development (the “Bank”), dated October 6, 2011, (the “Loan Agreement”), and to your letter dated May 23, 2014 requesting amendment to the Loan Agreement. The Bank agrees to your request and accordingly proposes to amend the Loan agreement as set out below in this letter of amendment (the “Letter of Amendment”).

Terms used but not defined in this Letter of Amendment have the meanings given to them in the Loan Agreement and the General Conditions.

The table under paragraph 2, Section III.B of Schedule 2 of the Loan Agreement is amended to include an additional procurement method and said table shall read as follows:

<table>
<thead>
<tr>
<th>Procurement Method</th>
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<tbody>
<tr>
<td>(a) National Competitive Bidding, subject to the modification to the procedures set out in the Annex to this Schedule</td>
</tr>
<tr>
<td>(b) Direct Contracting</td>
</tr>
<tr>
<td>(c) Force Account</td>
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<tr>
<td>(d) Community Participation in Procurement</td>
</tr>
<tr>
<td>(e) Shopping</td>
</tr>
</tbody>
</table>
Except as specifically amended by the provisions of this Letter of Amendment, all terms and conditions of the Loan 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 of Amendment in the space provided and returning one signed original to us. This Letter of Amendment will become effective as of the date of the Borrower’s countersignature of this Letter of Amendment.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

[Signature]
Josephine Bassinette
Acting Country Director, Indonesia

AGREED:
REPUBLIC OF INDONESIA

[Signature]
By: Authorized Representative

Name: ROBERT PAKPAHAN

Title: DIRECTOR GENERAL OF DEBT MANAGEMENT

Date: July 17, 2014