

**CONFORMED COPY**

Letter No. CD-425/DSF II/IX/2010

September 9, 2010

Mr. Keith Davies
Director
British Council Indonesia
Indonesian Stock Exchange Building, Tower 2, 16th Floor
Jl. Jend. Sudirman Kav 52-53
Jakarta 12190

Dear Mr. Davies:

***Re: TF096941 – Decentralization Support Facility II Capacity Building through
Decentralization Education and Training (DET) for Public Service Delivery
Additional Financing – Amendment of Grant Agreement***

I refer to the Grant Agreement, dated May 27, 2010 (the “Grant Agreement”), between the British Council (the “Recipient”) and the International Bank for Reconstruction and Development/International Development Association (the “World Bank”), acting as administrator of grant funds provided by donors to the Decentralization Support Facility (TF070582) (“DSF”) regarding the above-mentioned project (the “Project”) to your letter dated August 20, 2010 requesting additional financing and an amendment to the Grant Agreement to reflect the provision of six additional scholarship awards; and to the endorsement of the selection committee dated August 11, 2010.

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

1. The first paragraph of the Grant Agreement is amended to provide for the grant of an additional two hundred forty eight thousand six hundred twenty five United States Dollars (USD 248,625) (the “First Additional Grant”) as follows:

“In response to the request for financial assistance made on behalf of the British Council (“Recipient”), I am pleased to inform you that the International Bank for Reconstruction and Development/International Development Association (the “World Bank”), acting as administrator of grant funds provided by donors (“Donors”) under the multi-donor Second Phase of the Decentralization Support Facility Trust Fund (TF070582), proposes to extend to the Recipient for the benefit of the Republic of Indonesia (“Member Country”), a grant in an amount not to exceed one million one hundred fifty six thousand six hundred eighty four United States dollars (USD 1,156,684) (“Grant”), of which two hundred forty eight thousand six hundred twenty five United States Dollars (USD 248,625) comprises the first additional grant (the “First Additional Grant”) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached Annex, to assist in the financing of the project described in the Annex (“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.”

2. Section 1.01 of the Annex to the Grant Agreement is amended to apply the current Standard Conditions to the Grant as of the date of this amendment as follows: “1.01 **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated July 31, 2010 (“Standard Conditions”), with the modification set forth in Section I of the Appendix to this Agreement, constitute an integral part of this Agreement.”

3. Part 1 Section 2.01 of the Annex to the Grant Agreement is amended as follows:

“Part 1. Scholarships for Masters Degree Programs

Support approximately twenty six (26) masters degree program scholarships in areas of social accountability and fiscal decentralization. Assess local interest, demand and needs; review materials from previous professional education programs to inform design; determine service providers, universities or other institutions; and prepare pre-departure orientation and finalize schedule.”

4. 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 as set out below:

Category	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Training and workshops*	1,042,803	100%
(2) Consultants’ services	17,500	100%
(3) Incremental operating costs*	41,301	100%
(4) Administration fee*	55,080	100%
TOTAL AMOUNT	1,156,684	

*For the purposes of this paragraph:

(i) the term “training and workshops” means costs required for the Project related to degree course fees, airfares and other travel-related costs, arrival allowances, living costs, thesis allowances, departure allowances, and visas, in each case for Participants; IELTS and English language course fees, in each case for Participants and prospective Participants; and non-consultants service provider fees related to training course arrangements, and travel arrangements;

(ii) the term “incremental operating costs” means operating costs incurred by the Recipient and required for the Project including staff costs that have been demonstrated as being directly attributable to the Project; and

(iii) the term “administration fee” means the administration fee charged by the Recipient for indirect cost that shall not exceed an amount equivalent to 5% (five percent) of the total amount of the Grant.

5. Except as specifically amended by the provisions of this 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,

/s/ Stefan Koeberle
Country Director, Indonesia

AGREED:

BRITISH COUNCIL INDONESIA

By: /s/ Keith Davies

Name: Keith Davies

Title: Country Director, British Council Indonesia

Date: September 9, 2010