

REPUBLIC OF INDONESIA

April 16, 1999

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Re: Credit No. 3189-IND
(Sumatera Basic Education Project)
Representations and Assurances relating to
National Competitive Bidding Procedures

Dear Sirs:

In connection with the Development Credit Agreement of this date between the Republic of Indonesia and the International Development Association (the Association) for the above-captioned Project, I am writing on behalf of the Republic of Indonesia to set forth the following:

1. We represent that the procedures to be followed for national competitive bidding under Part B.1 of Schedule 3 to the Development Credit Agreement shall be those set forth in Presidential Decree No. 16/1994 as amended by Presidential Decree No. 24/1994 (hereinafter "KEPPRES 16/94") of the Republic of Indonesia with the following clarifications required for compliance with the provisions of the "Guidelines for Procurement under IBRD Loans and IDA Credits" (the Guidelines) published by the Bank in January 1995 and revised in January and August 1996 and September 1997, and January 1999:

(a) in connection with any contract to be financed in part by the IDA Credit, eligible bidders will not be denied prequalification for reasons unrelated to their capability and resources to successfully perform the contract, and no bidder will be entitled to contract award unless the bidder has the capability and the resources to successfully perform the contract; and

(b) given the importance of ensuring transparency in the procurement process, as provided under paragraph 1.2 of the Guidelines, bids will be opened in public and both envelopes will be opened at the same time.

2. Unless otherwise agreed to in writing between the Republic of Indonesia and the Association, these representations and assurances form an integral part of said Development Credit Agreement.

It is our understanding that, in making the Credit, the Association may rely on the statements set forth in this letter

Very truly yours,

REPUBLIC OF INDONESIA

By /s/ Darsjah
Authorized Representative

