

USAID Grant Agreement No. 497-020

AMENDMENT NO. 2

STRATEGIC OBJECTIVE GRANT AGREEMENT

BETWEEN

THE GOVERNMENT OF THE UNITED STATES OF AMERICA

AND

THE GOVERNMENT OF THE REPUBLIC OF INDONESIA

TO SUPPORT

EFFECTIVE DEMOCRATIC AND DECENTRALIZED GOVERNANCE

IN

INDONESIA

Dated: ~~AUGUST~~ AUGUST 15, 2006

This AMENDMENT No. 2 is entered into by and between the Government of the United States of America, acting through the United States Agency for International Development ("USAID") and the Government of the REPUBLIC OF INDONESIA, acting through the National Development Planning Agency, BAPPENAS ("Grantee").

WHEREAS, the Grantee and USAID entered into a Strategic Objective Grant Agreement for Effective Democratic and Decentralized Governance in Indonesia ("Grant Agreement") on July 11, 2005, and as amended on November 16, 2005, whereby USAID agreed, subject to the availability of funds, to grant to the Grantee up to Forty Million Eight Hundred and Four Thousand Six Hundred Eighty Four United States Dollars (\$40,804,684).

WHEREAS, USAID and the Grantee desire to amend the Grant Agreement to provide an additional increment of USAID Grant financing in the amount of **Thirty Three Million Two Hundred Seventy Thousand Two Hundred Thirty Four United States Dollars (\$33,270,234)** and to make other changes in the Grant Agreement relating to the total USAID contribution.

NOW, THEREFORE, the Grantee and USAID hereby agree to amend the Grant Agreement ("Amendment No.2") as follows:

1. In order to increase the amount of the current Grant of \$40,804,684 by a new increment of **\$33,270,234** the first sentence of Section 3.1(a) (The Grant.) is amended and restated in its entirety to read:

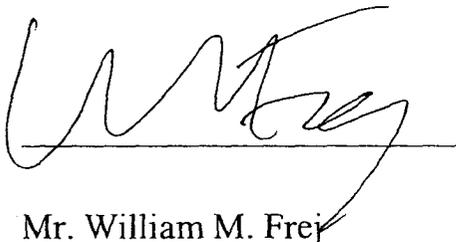
Section 3.1. (a) The Grant. To help achieve the Objective set forth in this Agreement, USAID, pursuant to the Foreign Assistance Act of 1961, as amended, and in accordance with the budget contained in Annex 1, hereby grants to the Grantee under the terms of the Agreement up to **Seventy Four Million Seventy Four Thousand Nine Hundred Eighteen United States ("U.S") Dollars (\$74,074,918)** (the "Grant")."

2. In order to reflect the increase in USAID grant funding, the Financial Plan of Annex 1 of the Original Grant Agreement is amended and restated in its entirety to read in the form of the attached Revised Financial Plan (July 2006) Annex 1 to this Amendment No. 2.

3. Except as amended herein, the terms and conditions of the Grant Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the Grantee and USAID each acting through its duly authorized representative, have caused the Amendment No. 2 to be signed in their names and delivered as of the day and year first above written.

FOR THE GOVERNMENT OF
THE UNITED STATES OF
AMERICA

A handwritten signature in black ink, appearing to read 'W. Frej', written over a horizontal line.

Mr. William M. Frej
USAID Mission Director to
Indonesia

FOR THE GOVERNMENT OF
THE REPUBLIC OF
INDONESIA

A handwritten signature in black ink, appearing to read 'I Dewa Putu Rai', written over a horizontal line.

Mr. I Dewa Putu Rai
Deputy Minister for Political, Law,
Defense and Security Affairs
National Development Planning
Agency (BAPPENAS)

Effective Democratic and Decentralized Governance in Indonesia, SO-20
FY 2005 - FY 2008
Revised Financial Plan (July 2006) in US Dollar

Components	Total Obligation through Amendment No. 1 (A)	SOAG Amendment No. 2 FY 2006 (B)	Total Obligation to date C=(A)+(B)	Future Obligation Under SOAG Amendments FY 2007- FY 2008* D	Life of Strategic Objective Activities Funding Under this SOAG (E)=(C)+(D)
1. Program Implementation Activities: * Expanding Participatory, Effective and Accountable Local Governance * Consolidating the Reforms Agenda, including Elections * Addressing Conflict and Encouraging Pluralism	38,500,000	31,170,234	69,670,234	50,925,082	120,595,316
2. Administrative and Program Support * Evaluation and Audit * Staffing & Logistics for Administrative Support	2,304,684	2,100,000	4,404,684	4,000,000	8,404,684
Strategic Objective Agreement Total	40,804,684	33,270,234	74,074,918	54,925,082	129,000,000

Notes: * Subject to the availability of funds.

The GOI has agreed, pursuant to Section 3.2, to provide contribution on an in-kind basis and report on those contributions on an annual basis.

Changes to the financial plan that increase or decrease a budget line item by no more than 15% shall not require the use of PROJECT IMPLEMENTATION LETTERS nor formal amendment to the Agreement.