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LN 7737-ID

Letter No. CD-081/HPEQ/III/2013

March 27, 2013

Mr. Robert Pakpahan
Expert Staff of Minister of Finance on State Revenue
With Full Mandate as Director General of Debt Management
Ministry of Finance
Gedung Frans Seda
Jalan Dr. Wahidin No. 1
Jakarta 10710
Indonesia

Dear Mr. Pakpahan:

Re: Health Professional Education Quality Project
Loan No. 7737-ID; Amendment No. 1

I refer to the loan agreement ("Loan Agreement"), dated October 1, 2009, between the Republic of Indonesia (the "Borrower") and the International Bank for Reconstruction and Development (the "Bank") for the Health Professional Education Quality Project (the "Project").

I refer also to your letter dated December 20, 2012, requesting: (a) amendments of the Loan Agreement to: (i) expand the activities to include three additional professions; (ii) reallocate the proceeds of the Loan; (iii) update the reference to the national regulation on procurement for the clarifications relating to National Competitive Bidding Procedures; and (iv) update the definitions to reflect changes related to the expansion of activities; and (b) revision to the performance indicators. After due consideration, the Bank concurs with this request, and accordingly the Loan Agreement is hereby amended as set out below and the performance indicators are revised as set out in the revised Supplemental Letter.

1. Paragraphs 1.2 and 1.3 of Part 1, and paragraphs 2.1 and 2.2 of Part 2, of Schedule 1 to the Loan Agreement are amended to include three additional professions as set out below (amended language is *italicized* for ease of reference):

"**Part 1. Strengthening Policies and Procedures for School Accreditation.**

1.2 **Development of Standards of Health Education programs and Standards of Competency** by: (a) supporting DGHE in: (i) developing competence and education standards for nursing, midwifery, *pharmacy, nutrition and public health*; (ii) harmonizing standards of competence for doctors, dentists, nurses, midwives, *pharmacists, nutritionists, and public health specialists*; (iii) establishing a certification system for clinical instructors; (iv) developing guidelines for clinical instructor training; (v) establishing standards for teaching hospitals and other clinical training sites; and (vi) supporting a national medical education research and development function among Associations of Health Higher Education Institutions; and (b) (i) supporting Associations of Health Higher Education Institutions in applying the established standards of competency among members; and (ii) supporting AIPKI (one of the Associations of Health Higher Education Institutions) in managing Research Programs for individuals and/or groups on health education and standards of competency.

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1.3 **Development of Accreditation Instruments** by supporting BAN-PT and NAA (following its establishment) to develop, pilot and disseminate accreditation instruments for medical, dental, nursing, midwifery, *pharmacy, nutrition, and public health* education through a stakeholder participatory process.

1.4 ...

Part 2. Certification of Graduates Using National Competency-based Examination.

2.1 **Establishing an Independent National Agency for Competence Examination of Health Professionals** through supporting DGHE in: (a) developing the concept for, establishing and supporting the operation and management of an independent examination body (NACE HealthPro) to cover medical, dental, nursing, midwifery, *pharmacy, nutrition, and public health* graduate examinations; and (b) supporting NACE HealthPro in managing Research Programs for Health Higher Education Institutions and/or individuals therein to conduct policy studies on evaluation.

2.2 **Improving Methodology and Management of the National Competence Examination** through supporting NACE HealthPro (following its establishment in developing a computer-based examination system and an objective structured clinical examination system for medical, dental, nursing, midwifery, *pharmacy, nutrition, and public health* examinations, and introducing and operating such systems in approximately twelve (12) pilot centers at selected Health Higher Education Institutions.

2.3 ..."

2. The Bank has reallocated the proceeds of the Loan allocated in the table in Section IV.A.2 of Schedule 2 to the Loan Agreement as set out below:

Category*	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed (Inclusive of Taxes)
(1) Training and workshops, incremental operating costs, research expenditures consultants services and goods under Part 1 of the Project	8,335,304	100%
(2) Training and workshops, incremental operating costs, research expenditures, consultants services and goods under Part 2 of the Project	14,046,934	100%
(3) FAPs for Sub-projects under Part 3 of the Project	51,300,762	100%
(4) Training and workshops, incremental operating costs, consultants services and goods under Part 4 of the Project	4,139,000	100%
TOTAL AMOUNT	77,822,000	

3. Attachment 3 to Schedule 2 to the Loan Agreement is hereby replaced with the revised Attachment 3 as set out in the Annex to this letter to update the reference to national regulation on procurement.

4. Additionally, paragraphs 3, 17, 24, and 30 of Section 1 of the Appendix to the Loan Agreement is hereby amended to reflect changes related to the expansion of activities as set out below (amended language is *italicized* for ease of reference):

> "3. "Associations of Health Higher Education Institutions" means any one of the following associations of health-related professional institutions in Indonesia: the Association of Indonesian Medical Schools (AIPKI); the Association of Indonesian Dental Schools (AFDOKGI), the Association of Indonesian Midwifery Schools (AIPKIND); the Association of Indonesian Nursing Schools (AIPNI); *the Association of Indonesian Vocational Nursing Schools (AIPDIKI); the Association of Indonesian Pharmacy Schools (APTFI); the Association of Indonesian Nutrition Schools (AIPGI); the Association of Indonesian Public Health Schools (AIPTKMI);* and the Association of Teaching Hospitals of Indonesia (ARSPI); and any successor to each thereof; and "Associations of Health Higher Education Institutions" means more than one Association of Health Higher Education Institutions.
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> ...
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> 17. "Health Higher Education Institution" means an institution providing medical, nursing, dentistry, midwifery, *pharmacy, nutrition and public health* higher education under the regulation of MONE; and "Health Higher Education Institutions" means more than one Health Higher Education Institution.
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> ...
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> 24. "NACE HealthPro" means the National Agency for Competency Examination of Health Professionals, or as it may otherwise be named upon its establishment, to be established as an independent examination body to cover medical, dental, nursing, midwifery, *pharmacy, nutrition, and public health* graduate examinations under Part 2.1 of the Project.
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> ...
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> 30. "Professional Association" means any one of the Indonesia Midwives Association (IBI), the Indonesia Medical Association (IDI), the Indonesia Nurses Association (PPNI), the Indonesia Dentists Association (PDGI), *the Indonesia Pharmacists Association (IAI), the Indonesia Nutritionists Association (PERSAGI), the Indonesia Public Health Expert Association (IAKMI)* and any successor to each thereof; and "Professional Associations" means more than one Professional Association."

Except as specifically set out in this letter, all terms and conditions in the Loan Agreement remain unchanged.

The Bank will disclose this letter agreement and related information on this Loan in accordance with the World Bank Policy on Access to Information. By entering into this agreement, the Borrower consents to disclosure of this agreement and related information on this Loan.

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 later date of countersignature of this letter by the Borrower.

Sincerely yours,

Josephine M. Bassinette
Acting Country Director, Indonesia

CONFIRMED:
REPUBLIC OF INDONESIA

By: _____ Date: April 8, 2013

Name: Robert Pakpahan
Title: Expert Staff of Minister
of Finance on State Revenue
With Full Mandate as
Director General of Debt Management

ANNEX

Attachment 3 to Schedule 2
National Competitive Bidding: Modifications to Procedures

The procedures applicable to the procurement of goods, works, and non-consulting services under contracts awarded on the basis of National Competitive Bidding shall be those of the *Pelelangan Umum* (Public Tendering) and *Pemilihan Langsung / Pelelangan Sederhana* (Simplified Tendering) methods as set forth in the Borrower's Presidential Regulation No. 54/2010, with the modifications set out below in order to ensure economy, efficiency, transparency, and broad consistency with the provisions of Section I of the Procurement Guidelines, pursuant to paragraph 3.3 of said Guidelines. The *Pemilihan Langsung / Pelelangan Sederhana* method shall apply to such procurement up to the financial thresholds specified in said Regulation. In the event of a conflict between the Borrower's procedures and these modifications, the latter shall govern.

1. Procuring entities shall use the appropriate standard bidding documents acceptable to the Borrower and the Bank. The provisions of Section 1.14 (Fraud and Corruption) of the Procurement Guidelines shall apply, and each bidding document and contract financed out of the proceeds of the Loan shall include provisions on matters pertaining to fraud and corruption as defined in paragraph 1.14(a) of said Guidelines and the contract provisions set out in paragraph 1.14(e) of said Guidelines.

2. Foreign bidders shall not be precluded from bidding. If a registration process is required, a foreign firm determined to be the lowest evaluated responsive bidder shall be given reasonable time for registration. Foreign bidders shall not be required to form a joint venture or sub-contract part of the supply of goods, non-consulting services, and works as a condition for submitting bids or the award of the contract. Bidding documents shall be made available, by mail or in person, to all international bidders who are willing to pay the required fee.

3. No preference of any kind shall be given to any bidders.

4. Under the *Pelelangan Umum* method, bidders shall be allowed at least twenty-one (21) days from the date of the invitation to bid or the date of availability of bidding documents, whichever is later, to prepare and submit bids; this period shall be ten (10) days under the *Pemilihan Langsung / Pelelangan Sederhana* method.

5. Bids invited under the *Pelelangan Umum* method shall be submitted in one (1) envelope and evaluated using post-qualification.

6. No bidder shall be rejected merely on the basis of a comparison with the owner's estimate and budget ceiling without the Bank's prior written concurrence.

7. Bid security, at the bidder's option, shall be in the form of a letter of credit or guarantee from a reputable bank or other reputable financial institution and shall without exception follow the form provided for this purpose in the bidding documents.

8. All bids shall not be rejected and new bids solicited without the Bank's prior written concurrence.

9. Government-owned enterprises in Indonesia shall be eligible to participate in bidding only if they can establish that they are legally and financially autonomous, operate under commercial law, and are not dependent agencies of the Borrower or sub-borrower.