REPUBLIC OF INDONESIA

December 28, 2012

International Bank for Reconstruction and Development
1818 H Street NW
Washington, DC 20433
United States of America

Re: PSF Grant No. TF012192
National Community Empowerment Program in Urban Areas for 2012-2015
Performance Indicators

Dear Sir/Madame:

We refer to paragraph 1 of Section II.A of Schedule 2 to the Grant Agreement (National Community Empowerment Program in Urban Areas for 2012-2015) of even date herewith between the Republic of Indonesia and the International Bank for Reconstruction and Development concerning Performance Indicators.

We hereby agree that the Performance Indicators to monitor and evaluate the carrying out of the Project and the achievement of the objectives thereof are those set forth in the Annex to this letter.

Please confirm the agreement on behalf of the Bank to the application of these Performance Indicators by signing the form of confirmation below.

Very truly yours,

REPUBLIC OF INDONESIA

[Signature]

Robert Pakpahan
Authorized Representative

CONFIRMED:
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

[Signature]

By: [Signature]
Authorized Representative
# ANNEX

**INDONESIA: National Community Empowerment Program in Urban Areas for 2012-2015**

**Performance Indicators**

<table>
<thead>
<tr>
<th>PDO Level Results Indicators</th>
<th>Core</th>
<th>Unit of Measure</th>
<th>Baseline</th>
<th>Cumulative Target Values</th>
<th>Frequency</th>
<th>Data Source/Methodology</th>
<th>Responsibility for Data Collection</th>
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<tbody>
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<td>2012</td>
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<td>End of project (2014)</td>
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<td>Survey</td>
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<td>Project Development Objective (PDO): To help ensure the urban poor in Participating Kelurahans benefit from improved local governance and living conditions.</td>
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### Indicator One:
Improved access to infrastructure, social, and/or economic services of the urban poor in participating kelurahans.

- **Indicator:** % kelurahan
- **Baseline:**
- **Cumulative Target Values:**
  - 2012: 80% participating kelurahan
  - 2013: 80% participating kelurahan
  - 2014: 80% participating kelurahan
- **Frequency:** End of project (2014)
- **Data Source/Methodology:** Survey
- **Responsibility for Data Collection:** Evaluation Consultants (EC)

### Indicator Two:
Satisfaction levels from beneficiaries regarding improved services and local governance

- **Indicator:** % of beneficiaries
- **Baseline:**
- **Cumulative Target Values:**
  - ≥80%
- **Frequency:** End of project (2014)
- **Data Source/Methodology:** MIS & survey
- **Responsibility for Data Collection:** NMC/OC/EC

### Indicator Three:
Infrastructure built is at least 20% less expensive than that built by non community based approaches

- **Indicator:** % kelurahan
- **Baseline:**
- **Cumulative Target Values:**
  - 80% participating kelurahan
  - 80% participating kelurahan
  - 80% participating kelurahan
- **Frequency:** Annual
- **Data Source/Methodology:** MIS & spot check
- **Responsibility for Data Collection:** NMC/OC/EC

### Indicator Four:
At least 90% of complaints are resolved

- **Indicator:** % of complaints
- **Baseline:**
- **Cumulative Target Values:**
  - ≥90%
  - ≥90%
  - ≥90%
- **Frequency:** Monthly
- **Data Source/Methodology:** MIS
- **Responsibility for Data Collection:** NMC/OC

### Beneficiaries

- **Project beneficiaries:**
  - Beneficiaries (in millions): 6.1 (PNPM-Urban AF)
  - 2012: 2
  - 2013: 4
  - 2014: 6
  - Frequency: Monthly
  - Responsibility for Data Collection: MIS

- **Of which 40% are female (beneficiaries):**
  - 2012: 40
  - 2013: 40
  - 2014: 40
  - Frequency: Monthly
  - Responsibility for Data Collection: MIS
### PDO Level Results

<table>
<thead>
<tr>
<th>Core</th>
<th>Unit of Measure</th>
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<th>Cumulative Target Values</th>
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<tr>
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<td></td>
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<td>2012</td>
<td>2013</td>
<td>2014</td>
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</tr>
<tr>
<td></td>
<td>PDO</td>
<td>Level Results</td>
<td>Indicators</td>
<td>Core</td>
<td>% of poor community members</td>
<td>≥ 40%</td>
</tr>
<tr>
<td></td>
<td>PDO</td>
<td>Level Results</td>
<td>Indicators</td>
<td>Core</td>
<td>% of women community members</td>
<td>≥ 40%</td>
</tr>
<tr>
<td></td>
<td>PDO</td>
<td>Level Results</td>
<td>Indicators</td>
<td>Core</td>
<td>% of adult community members</td>
<td>≥ 30%</td>
</tr>
<tr>
<td></td>
<td>PDO</td>
<td>Level Results</td>
<td>Indicators</td>
<td>Core</td>
<td>% of local governments</td>
<td>≥ 75%</td>
</tr>
</tbody>
</table>

### INTERMEDIATE RESULTS

**Intermediate Results (Component One):**

- **Participation rate of poorest and vulnerable community members in planning and decision making meetings**
  - Baseline: 54% (PNPM Urban III)²
  - Cumulative Target Values: ≥ 40% ≥ 40% ≥ 40%
  - Frequency: Quarterly
  - Data Source/Methodology: MIS
  - Responsibility for Data Collection: NMC/OC

- **Participation rate of women in planning and decision making meetings**
  - Baseline: 47% (PNPM Urban III)³
  - Cumulative Target Values: ≥ 40% ≥ 40% ≥ 40%
  - Frequency: Quarterly
  - Data Source/Methodology: MIS
  - Responsibility for Data Collection: NMC/OC

- **Percentage of the adult population voting in BKM elections at the neighborhood level**
  - Baseline: 31% (PNPM Urban III)⁴
  - Cumulative Target Values: ≥ 30% ≥ 30% ≥ 30%
  - Frequency: Quarterly
  - Data Source/Methodology: MIS
  - Responsibility for Data Collection: NMC/OC

- **Percentage of local governments provide required cost sharing**
  - Baseline: 75% (PNPM Urban AF & PNPM Urban III)⁴
  - Cumulative Target Values: ≥ 75% ≥ 80% ≥ 80%
  - Frequency: Annually
  - Data Source/Methodology: MIS
  - Responsibility for Data Collection: NMC/OC

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1. The baseline refers to the average of 2011 MIS data, whereas the average for the last 5 years has been significantly lower. However, the target values are based on capacity to maintain the already high achievement within the program. The aim of the program is to improve the qualitative aspect of these performance indicators.

2. *Idem.*

3. *Idem.*

4. *Idem.*
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<thead>
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<th>PDO Level Results Indicators</th>
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<tbody>
<tr>
<td>Number of each type of infrastructure, economic, and social activities completed per year</td>
<td>% of kelurahan</td>
<td>80% ⁵</td>
<td>2012</td>
<td>2013</td>
<td>2014</td>
<td>Number of infrastructure, economic, and social activities completed in at least 85% kelurahan (wards)</td>
<td>Annually</td>
</tr>
<tr>
<td>Percentage of infrastructure works evaluated as of good quality</td>
<td>% of infrastructure works</td>
<td>≥ 70%</td>
<td>≥ 70%</td>
<td>≥ 70%</td>
<td>Annually</td>
<td>MIS</td>
<td>NMC/OC</td>
</tr>
<tr>
<td>Percentage of kelurahan with revolving loan funds (RLF) having a portfolio at risk (PAR) ratio ≥ 90 days of &lt; 10%</td>
<td>% of kelurahan</td>
<td>34% ⁶</td>
<td>≥ 35%</td>
<td>≥ 40%</td>
<td>≥ 50%</td>
<td>Quarterly</td>
<td>MIS</td>
</tr>
</tbody>
</table>

Intermediate Results (Component Three):

|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |

| Percentage of provincial consultants providing timely & accurate data through MIS | % of provincial consultants | 80% (PNPM Urban III) ⁷ | ≥ 80% | ≥ 90% | ≥ 90% | Annually | Report | NMC/OC |
| Percentage of BKMs with completed annual financial audits | % of BKMs | 90% (PNPM Urban AF) ⁸ | - | ≥ 80% | ≥ 90% | Annually | MIS | NMC/OC |

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⁵ Idem.
⁶ Idem.
⁷ Idem.
⁸ Idem.