February 17, 2012

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

Re: Loan No. 8121-ID
Jakarta Urgent Flood Mitigation Project (Jakarta Emergency Dredging Initiative)
Performance Indicators

Dear Sir/Madam:

We refer to paragraph 1 of Section II.A of Schedule 2 to the Loan Agreement (Jakarta Urgent Flood Mitigation Project) 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

Rahmat Waluyanto
Authorized Representative

CONFIRMED:
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By:
Authorized Representative
ANNEX

INDONESIA: Jakarta Urgent Flood Mitigation Project (Jakarta Emergency Dredging Initiative)

Results Framework

Project Development Objective (PDO): The Project Development Objective (PDO) is to contribute to the improvement of the operation and maintenance of priority sections of Jakarta’s flood management system.

<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>
<th>Description (Indicator definition etc.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicator One: Water level of inundated areas (see Note 1)</td>
<td>cm</td>
<td>70 NA NA 31 15 11</td>
<td>Annual</td>
<td>Post flood surveys</td>
<td>PIUs, CPIU</td>
<td>Indicates local reduction in flooding frequency or intensity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indicator Two: The number of hours of water logging in inundated areas (see Note 1)</td>
<td>hours</td>
<td>&gt; 1 x 24 NA NA &lt;1 x 24 &lt;1 x 24 &lt;1 x 24</td>
<td>Annual</td>
<td>Post flood surveys</td>
<td>PIUs, CPIU</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indicator Three: The extent of inundated areas (see Note 1)</td>
<td>%</td>
<td>100% NA NA 65% 36% 20%</td>
<td>Annual</td>
<td>Post flood surveys</td>
<td>PIUs, CPIU</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

INTERMEDIATE RESULTS

Intermediate Result (Component One): Dredging and rehabilitation of selected key floodways, canals and retention basins

| Intermediate Result indicator One: Volume of dredge material removed from the floodways, canals and retention basins (including solid waste) | Million m$^3$ | 0 0.5 1.8 2.3 2.8 3.4 | Annual | Project progress reports | CPIU | Gauge to determine the degree of returning floodways, canals or retention basin to original capacities |
| Intermediate Result indicator Two: Additional storage added to retention basins | Million m$^3$ | 94,480 497,540 545,740 596,740 596,740 | Annual | Project progress reports | CPIU |
| Intermediate Result indicator Three: Length of embankment repaired or constructed | km | 0 5 13 22 32 42.2 | Annual | Project progress reports | CPIU |

Intermediate Result (Component Two): Technical assistance for project management, social safeguards, and capacity building

| Intermediate Result indicator One: Number of km canal maintained / cleaned (minimum). | km | 11 11 11 25 25 25 | Annual | DKI Dinas PU reports | PIU-DKI | Indicator of operations and maintenance of canals |

Note 1: Baseline for water level, number of hours of water logging and the extent of inundated areas is the average value taken from the flooding in 22 kelurahan affected by the Project, using 2002 baseline data, that needs to take into account land subsidence, land use, sea water level and rainfall data. Performance indicators are expected to be reviewed and adjusted as necessary during Mid Term Review.