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**CREDIT NUMBER 4063-IND**

# **Development Credit Agreement**

**(Third Urban Poverty Project)**

**between**

**REPUBLIC OF INDONESIA**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated August 2, 2005**



**CREDIT NUMBER 4063-IND**

**DEVELOPMENT CREDIT AGREEMENT**

AGREEMENT, dated August 2, 2005, between REPUBLIC OF INDONESIA (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, has requested the Association to assist in the financing of the Project;

(B) the Borrower has also requested the International Bank for Reconstruction and Development (the Bank) to provide additional assistance towards the financing of the Project and by an agreement of even date herewith between the Borrower and the Bank (the Loan Agreement), the Bank is making a loan to the Borrower in the amount of sixty seven million three hundred thousand Dollars (\$67,300,000) (the Loan); and

(C) the Borrower and the Association intend, to the extent practicable, that the proceeds of the Credit provided for in this Agreement be disbursed on account of expenditures in respect of the Project before disbursements of the proceeds of the Loan provided for in the Loan Agreement are made; and

WHEREAS the Association has agreed, on the basis, *inter alia*, of the foregoing, to extend the Credit to the Borrower upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

**ARTICLE I**

**General Conditions; Definitions**

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985 (as amended through May 1, 2004) (the General Conditions), with the modification set forth below (the General Conditions), constitute an integral part of this Agreement:

Section 6.03(c) of the General Conditions is amended by replacing the words "corrupt or fraudulent" with the words "corrupt, fraudulent, collusive or coercive".

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective

meanings therein set forth and the following additional terms have the following meanings:

(a) “BAPPEDA” means the Provincial, Kabupaten or Kota Development Planning Agency established and operating within a province of the Borrower, a Kabupaten or a Kota, as the case may be.

(b) “BKM Forum” means a forum of BKM representatives at the Kecamatan and Kota level for the exchange of experience and collective actions relating to poverty alleviation.

(c) “BKM” means *Badan Keswadayaan Masyarakat*, a Kelurahan level organization with elected members, legally empowered by registering as an association to act on behalf of the Kelurahan community to take actions aimed at reducing poverty in the Project Kelurahan.

(d) “Bupati” means the head of a Kabupaten.

(e) “Camat” means the head of a Kecamatan.

(f) “Community Development Plan” means the three-year investment plan prepared by the BKM, in accordance the procedures and criteria set out in the Project Manual, for poverty alleviation activities in the Project Kelurahan.

(g) “Displaced Person” means a person who, on account of the execution of the Project, has experienced or would experience direct economic and social impacts caused by: (i) the involuntary taking of land, resulting in: (A) relocation or loss of shelter; (B) loss of assets or access to assets; or (C) loss of income sources or means of livelihood, whether or not such person must move to another location; or (ii) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person, and “Displaced Persons” means, collectively, all such Displaced Persons.

(h) “Eligible Categories” means Categories (1), (2) and (3) set forth in the table in Part A.1 of Schedule 1 to this Agreement.

(i) “Eligible Expenditures” means the expenditures for goods, works and services referred to in Section 2.02 of this Agreement.

(j) “Environmental Guidelines” means the guidelines adopted by the Borrower through KIMPRASWIL on January 29, 2004, setting forth the measures and actions to be taken during the implementation of the Project to eliminate or offset adverse environmental impacts or to reduce such impacts to acceptable levels in the design and implementation of Sub-projects, as such guidelines may be amended from time to time with the prior agreement of the Association.

(k) “Evaluation Consultants” means the team of consultants referred to under Part D.3 of the Project.

(l) “Financial Monitoring Report” and “FMR” mean each report prepared in accordance with Section 4.02 of this Agreement.

(m) “Fiscal Year” means the Borrower’s fiscal year commencing January 1 and ending December 31.

(n) “Grant” means either a Kelurahan Grant or a Poverty Alleviation Partnership Grant, as the case may be.

(o) “Grantee” and “Grantees” mean a person or persons, respectively, responsible for the carrying out of a Sub-project under Parts B.1, B.3 and C of the Project.

(p) “Highly Vulnerable Groups” means groups of peoples, including widows, the elderly and the disabled, having special poverty alleviation needs and to be addressed in the Community Development Plan.

(q) “Isolated Vulnerable People” means those social groups in Indonesia that have a distinct social and cultural identity, and that are susceptible to being disadvantaged in the development process induced by the Project or any part thereof.

(r) “Isolated Vulnerable Peoples Framework” means the framework adopted by the Borrower through KIMPRASWIL on January 29, 2004, setting forth the measures and actions to be taken during the implementation of the Project for: (i) the informed involvement of Isolated Vulnerable People, through a process of informed participation, in the design and implementation of each Sub-project to be, or being, carried out in a location in which such people reside or use for their livelihood; and (ii) designing and implementing mitigation measures on possible impacts of the Project on Isolated Vulnerable People which are socially and culturally acceptable to them; as such framework may be amended from time to time with the prior agreement of the Association.

(s) “Kabupaten” means a district, an administrative division of the Borrower.

(t) “Kecamatan” means an administrative sub-district of a Kabupaten.

(u) “Kelurahan Grant” means a grant made available by the Borrower out of the proceeds of the Credit and the Loan to a Grantee or Grantees for a Sub-project under Part B.1 and B.3 of the Project.

- (v) “Kelurahan” and “Desa” mean an urban section of a Kecamatan.
- (w) “Kelurahan-borrower” and “Kelurahan-borrowers” mean a person and persons, respectively, responsible for the carrying out of a Sub-project under Part B.2 of the Project.
- (x) “KIMPRASWIL” means the former Ministry of Settlements and Regional Infrastructure of the Borrower.
- (y) “Kota” means a municipality, an administrative division within a province of the Borrower.
- (z) “KPKD” means *Komite Penanggulangan Kemiskinan Daerah*, a forum established by a Bupati or Wali Kota to coordinate poverty alleviation initiatives at the local level.
- (aa) “Land Acquisition and Resettlement Action Plan” means a resettlement and rehabilitation action plan, acceptable to the Association, prepared and implemented by a BKM or a Project Kabupaten or Project Kota, pursuant to the Land Acquisition and Resettlement Policy Framework and paragraph 11 of Schedule 4 to this Agreement.
- (bb) “Land Acquisition and Resettlement Policy Framework” means the Land Acquisition and Resettlement Policy adopted by the Borrower through KIMPRASWIL on January 29, 2004, setting forth the measures and actions to be taken during the implementation of the Project for the provision of compensation, rehabilitation and resettlement assistance to Displaced Persons, as such framework may be amended from time to time with the prior agreement of the Association.
- (cc) “Loan Agreement” means the agreement of even date herewith between the Borrower and the Bank for the Project, as such agreement may be amended from time to time; and such term includes the “General Conditions applicable to Loan and Guarantee Agreements for Single Currency Loans” of the Bank, dated May 30, 1995 (as amended through May 1, 2004), as applied to such agreement, and all schedules and agreements supplemental to the Loan Agreement.
- (dd) “Lurah” means the head of a Kelurahan.
- (ee) “MPW” means the Ministry of Public Works of the Borrower and any successor thereto.
- (ff) “National Management Consultants” means the team of consultants within the Project Management Unit at the central level to assist in Project implementation and monitoring.

(gg) “Oversight Consultants” means the team of consultants and facilitators at the provincial and district level to assist Project Kotas, Project Kabupatens and Project Kelurahan with Project implementation and monitoring.

(hh) “PJOK PAPG” means a Project manager at the Kota and Kabupaten level.

(ii) “PJOK” means a Project manager at the Kecamatan level.

(jj) “Poverty Alleviation Partnership Grant” means a grant made out of the proceeds of the Credit and the Loan to a Grantee or Grantees for a Sub-project under Part C of the Project.

(kk) “Procurement Plan” means the Borrower’s procurement plan, dated March 9, 2004, covering the initial eighteen (18) month period (or longer) of Project implementation, as the same shall be updated from time to time in accordance with the provisions of Section 3.02 to this Agreement, to cover succeeding eighteen (18) month periods (or longer) of Project implementation.

(ll) “Project Kabupaten” means a Kabupaten participating in the Project.

(mm) “Project Kecamatan” means a Kecamatan participating in the Project.

(nn) “Project Kelurahan” means a Kelurahan participating in the Project.

(oo) “Project Kota” means a Kota participating in the Project.

(pp) “Project Management Unit” means the unit established in MPW.

(qq) “Project Manual” means the Project Manual, adopted by the Borrower, to assist the Borrower, including central government ministries, the PMU, the BAPPEDA of provinces of the Borrower, Project Kotas, Project Kabupatens, Project Kecamatans and Project Kelurahan, and BKMs in the implementation of the Project through the description of, among others, procurement procedures and standard documentation as set forth in Schedule 3 to this Agreement, reporting requirements as set forth in Article 4 of this Agreement, the Project Performance Indicators as set forth in Schedule 5 to this Agreement, the Environmental Guidelines, the Land Acquisition and Resettlement Policy Framework, the Isolated Vulnerable People Framework, maintenance provisions for works to be carried out under a Sub-project and criteria for the selection of Sub-projects as set forth in Schedule 4 to this Agreement, as such Project Manual may be amended from time to time with the agreement of the Association.

(rr) “Rupiah” and “Rp” means the currency of the Borrower.

(ss) “Special Account” means the account referred to in Part B of Schedule 1 to this Agreement.

(tt) “Sub-loan” means a loan made to a Kelurahan-borrower or Kelurahan-borrowers for a Sub-project under Part B.2 of the Project out of funds made available by the Borrower out of the proceeds of the Credit.

(uu) “Sub-project” means a specific infrastructure investment project, social services project, income-generating investment project or social welfare project selected pursuant to criteria and procedures set forth in the Project Manual and carried out under Parts B and C of the Project and utilizing the proceeds of a Grant or a Sub-loan.

(vv) “Sub-project Implementation Agreement” means the agreement to be entered into among the relevant: (i) Grantee or Grantees, BKM, and PJOK for purposes of implementing the activities under a Sub-project under Parts B.1, B.3 and C of the Project; and (ii) Kelurahan-borrower or Kelurahan-borrowers, BKM and PJOK for purposes of implementing the activities under a Sub-project under Part B.2 of the Project.

(ww) “UPK” means *Unit Pengelola Keuangan*, the financial management unit responsible for the management of funds for the BKM.

(xx) “Wali Kota” means the head of a Kota.

## **ARTICLE II**

### **The Credit**

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, an amount in various currencies equivalent to forty seven million four hundred thousand Special Drawing Rights (SDR 47,400,000).

Section 2.02. The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement: (i) for amounts paid (or, if the Association shall so agree, to be paid) by the Borrower on account of a Grant or a Sub-loan made under Parts B and C of the Project to meet the reasonable cost of goods, works and services required for a Sub-project and in respect of which the withdrawal from the Credit Account is requested; and (ii) for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods and services required for Parts A and D of the Project and to be financed out of the proceeds of the Credit.

Section 2.03. The Closing Date shall be March 31, 2011, or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.



Section 2.04. (a) The Borrower shall pay to the Association a commitment charge on the principal amount of the Credit not withdrawn from time to time at a rate to be set by the Association as of June 30 of each year, but not to exceed the rate of one-half of one percent (1/2 of 1%) per annum.

(b) The commitment charge shall accrue: (i) from the date sixty (60) days after the date of this Agreement (the accrual date) to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or canceled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date and at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied from the next date in that year specified in Section 2.06 of this Agreement.

(c) The commitment charge shall be paid: (i) at such places as the Association shall reasonably request; (ii) without restrictions of any kind imposed by, or in the territory of, the Borrower; and (iii) in the currency specified in this Agreement for the purposes of Section 4.02 of the General Conditions or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of that Section.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one percent (3/4 of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.06. Commitment charges and service charges shall be payable semi-annually on May 15 and November 15, in each year.

Section 2.07. (a) Subject to paragraphs (b), (c) and (d) below, the Borrower shall repay the principal amount of the Credit in semi-annual installments payable on each May 15 and November 15, commencing November 15, 2015, and ending May 15, 2040, Each installment to and including the installment payable on May 15, 2025, shall be one and one-fourth percent (1-1/4%) of such principal amount, and each installment thereafter shall be two and one-half percent (2-1/2%) of such principal amount.

(b) Whenever: (i) the Borrower's per capita gross national product (GNP), as determined by the Association, shall have exceeded for three (3) consecutive years the level established annually by the Association for determining eligibility to access the Association's resources; and (ii) the Bank shall consider the Borrower's creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the repayment of installments under paragraph (a) above by:

- (A) requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid; and
- (B) requiring the Borrower to commence repayment of the principal amount of the Credit as of the first semiannual payment date referred to in paragraph (a) above falling six (6) months or more after the date on which the Association notifies the Borrower that the events set out in this paragraph (b) have occurred, provided, however, that there shall be a grace period of a minimum of five (5) years on such repayment of principal.

(c) If so requested by the Borrower, the Association may revise the modification referred to in paragraph (b) above to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate agreed with the Association on the principal amount of the Credit withdrawn and outstanding from time to time, provided that, in the judgment of the Association, such revision shall not change the grant element obtained under the above-mentioned repayment modification.

(d) If, at any time after a modification of terms pursuant to paragraph (b) above, the Association determines that the Borrower's economic condition has deteriorated significantly, the Association may, if so requested by the Borrower, further modify the terms of repayment to conform to the schedule of installments as provided in paragraph (a) above.

Section 2.08. The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

### **ARTICLE III**

#### **Execution of the Project**

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, shall carry out the Project with due diligence and efficiency and in conformity with appropriate administrative, engineering and financial practices, and sound environmental and social standards, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Borrower and the Association shall otherwise agree, the Borrower shall carry out the Project in accordance with the Implementation Program set forth in Schedule 4 to this Agreement.

Section 3.02. (a) Except as the Association shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 3 to this Agreement, as said provisions may be further elaborated in the Procurement Plan.

(b) The Borrower shall update the Procurement Plan in accordance with terms of reference acceptable to the Association, and furnish such update to the Association not later than twelve (12) months after the date of the preceding Procurement Plan, for the Association's approval.

Section 3.03. For the purposes of Section 9.06 of the General Conditions and without limitation thereto, the Borrower shall:

(a) prepare, on the basis of guidelines acceptable to the Association, and furnish to the Association not later than six (6) months after the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Association, a plan designed to ensure the continued achievement of the Project's objectives; and

(b) afford the Association a reasonable opportunity to exchange views with the Borrower on said plan.

## **ARTICLE IV**

### **Financial Covenants**

Section 4.01. (a) The Borrower shall establish and maintain a financial management system, including records and accounts, and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, adequate to reflect the operations, resources and expenditures related to the Project.

(b) The Borrower shall:

(i) have the financial statements referred to in paragraph (a) of this Section for each fiscal year (or other period agreed to by the Association), audited, in accordance with consistently applied auditing standards acceptable to the Association, by independent auditors acceptable to the Association;

(ii) furnish to the Association as soon as available, but in any case not later than six (6) months after the end of each such year (or such other period agreed to by the Association): (A) certified copies of the financial statements referred to in paragraph (a) of this Section for such year (or other period agreed to by the Association), as so audited; and (B) an opinion on such

statements by said auditors, in scope and detail satisfactory to the Association; and

- (iii) furnish to the Association such other information concerning such records and accounts, and the audit of such financial statements, and concerning said auditors, as the Association may from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Loan Account were made on the basis of reports referred to in Part A.4 of Schedule 1 to this Agreement (Report-based Disbursements) or on the basis of statements of expenditure, the Borrower shall:

- (i) retain, until at least one (1) year after the Association has received the audit report for, or covering, the fiscal year in which the last withdrawal from the Loan Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (ii) enable the Association's representatives to examine such records; and
- (iii) ensure that such reports and statements of expenditure are included in the audit for each fiscal year (or other period agreed to by the Association), referred to in paragraph (b) of this Section.

Section 4.02. (a) Without limitation upon the Borrower's progress reporting obligations set out in paragraph 13 of Schedule 4 to this Agreement, the Borrower shall prepare and furnish to the Association a financial monitoring report, in form and substance satisfactory to the Association, which:

- (i) sets forth sources and uses of funds for the Project, both cumulatively and for the period covered by said report, showing separately funds provided under the Credit and explains variances between the actual and planned uses of such funds;
- (ii) describes physical progress in Project implementation, both cumulatively and for the period covered by said report, and explains variances between the actual and planned Project implementation; and
- (iii) sets forth the status of procurement under the Project, as at the end of the period covered by said report.

(b) The first FMR shall be furnished to the Association not later than forty-five (45) days after the end of the first calendar quarter after the Effective Date, and shall cover the period from the incurrence of the first expenditure under the Project through the end of such first calendar quarter; thereafter, each FMR shall be furnished to the Association not later than forty-five (45) days after each subsequent calendar quarter, and shall cover such calendar quarter.

Section 4.03. The Borrower shall make publicly available, and agrees that the Association may also make publicly available, each final audit report referred to in Section 4.01 of this Agreement, promptly after its issuance by the independent auditors referred to therein.

## **ARTICLE V**

### **Effective Date; Termination**

Section 5.01. The following event is specified as an additional condition to the effectiveness of the Development Credit Agreement within the meaning of Section 12.01(b) of the General Conditions, namely that the Project Manual, acceptable to the Association, has been adopted by the Borrower.

Section 5.02. The following are specified as additional matters, within the meaning of Section 12.02(b) of the General Conditions, to be included in the opinion or opinions to be furnished to the Association, namely that each of the Isolated Vulnerable People Development Plan and the Land Acquisition and Resettlement Policy Framework has been adopted by the Borrower and is legally binding upon the Borrower in accordance with the laws of the Republic of Indonesia.

Section 5.03. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

## **ARTICLE VI**

### **Representative of the Borrower; Addresses**

Section 6.01. The Minister of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Ministry of Finance  
c/o Directorate General of Treasury  
Jalan Lapangan Banteng Timur 2-4  
P.O. Box 1139  
Jakarta 10710  
Indonesia

Cable address:	Telex:	Facsimile:
FINMINISTRY Jakarta	45799 DJMLN-IA 44319 DEPKEU-IA	(21) 381 2859

For the Association:

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

Cable address:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI) or 64145 (MCI)	(202) 477-6391

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in Jakarta, Republic of Indonesia, as of the day and year first above written.

REPUBLIC OF INDONESIA

By: /s/ Jusuf Anwar

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: /s/ Kundhavi Kadiresan

Authorized Representative

## SCHEDULE 1

### Withdrawal of the Proceeds of the Credit

A. General

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Credit and the Loan, the allocation of the amounts of the Credit and the Loan to each Category and the percentage of expenditures for items so to be financed in each Category:

<u>Category</u>	<u>Amount of the Credit Allocated (Expressed in SDR Equivalent)</u>	<u>Amount of the Loan Allocated (Expressed in Dollars)</u>	<u>% of Expenditures to be Financed</u>
(1) Kelurahan Grants and Sub-loans	37,400,000	25,100,000	100% of Grant or Sub-loan amount disbursed
(2) Poverty Alleviation Partnership Grants	-	30,900,000	100% of Grant amount disbursed
(3) Consultants' services under Parts A and D of the Project	10,000,000	8,300,000	100%
(4) Fee	-	336,500	Amount due under Section 2.04 of the Loan Agreement
(5) Unallocated	-	2,663,500	
<b>TOTAL</b>	<u>47,400,000</u>	<u>67,300,000</u>	



2. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement.

3. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures for: (i) Kelurahan Grants and Sub-loans; (ii) Poverty Alleviation Partnership Grants; (iii) contracts for the employment of consulting firms costing up to \$100,000 equivalent; and (iv) contracts for the employment of individuals costing up to \$50,000 equivalent; all under such terms and conditions as the Association shall specify by notice to the Borrower.

4. The Borrower may request withdrawals from the Credit Account to be made on the basis of reports to be submitted to the Association in form and substance satisfactory to the Association, such reports to include the FMR and any other information as the Association shall specify by notice to the Borrower (Report-based Disbursements). In the case of the first such request submitted to the Association before any withdrawal has been made from the Credit Account, the Borrower shall submit to the Association only a statement with the projected sources and applications of funds for the Project for the six-month period following the date of such request.

B. Special Account

1. The Borrower may, for the purposes of the Project, open and maintain in Dollars, a special deposit account in Bank Indonesia or in a commercial bank acceptable to the Association, on terms and conditions satisfactory to the Association, including, in the case of a commercial bank, appropriate protection against set-off, seizure and attachment.

2. After the Association has received evidence satisfactory to it that the Special Account has been opened, withdrawals from the Credit Account of amounts to be deposited into the Special Account shall be made as follows:

(a) if the Borrower is not making Report-based Disbursements, withdrawals shall be made in accordance with the provisions of Annex A to this Schedule 1; and

(b) if the Borrower is making Report-based Disbursements, withdrawals shall be made in accordance with the provisions of Annex B to this Schedule 1.

3. Payments out of the Special Account shall be made exclusively for Eligible Expenditures. For each payment made by the Borrower out of the Special Account, the Borrower shall, at such time as the Association shall reasonably request, furnish to the Association such documents and other evidence showing that such payment was made exclusively for Eligible Expenditures.

4. Notwithstanding the provisions of paragraph 2 of Part B of this Schedule, the Association shall not be required to make further deposits into the Special Account:

(a) if the Association, at any time, is not satisfied that the reports referred to in paragraph 4 of Part A of this Schedule adequately provide the information required for Report-based Disbursements;

(b) if the Association determines at any time that all further withdrawals for payment of Eligible Expenditures should be made by the Borrower directly from the Credit Account; or

(c) if the Borrower shall have failed to furnish to the Association, within the period of time specified in Section 4.01(b)(ii) of this Agreement, any of the audit reports required to be furnished to the Association pursuant to said Section in respect of the audit of: (A) the records and accounts for the Special Account; or (B) the records and accounts reflecting expenditures with respect to which withdrawals were Report-based Disbursements or were made on the basis of statements of expenditure, as the case may be.

5. The Association shall not be required to make further deposits into the Special Account in accordance with the provisions of paragraph 2 of Part B of this Schedule if, at any time, the Association shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Credit Account pursuant to Section 6.02 of the General Conditions. Upon such notification, the Association shall determine, in its sole discretion, whether further deposits into the Special Account may be made and what procedures should be followed for making such deposits, and shall notify the Borrower of its determination.

6. (a) If the Association determines at any time that any payment out of the Special Account was made for an expenditure which is not an Eligible Expenditure, or was not justified by the evidence furnished to the Association, the Borrower shall, promptly upon notice from the Association, provide such additional evidence as the Association may request, or deposit into the Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment. Unless the Association shall otherwise agree, no further deposit by the Association into the Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Association determines at any time that any amount outstanding in the Special Account will not be required to cover payments for Eligible Expenditures during the six-month period following such determination, the Borrower shall, promptly upon notice from the Association, refund to the Association such outstanding amount.

(c) The Borrower may, upon notice to the Association, refund to the Association all or any portion of the funds on deposit in the Special Account.

(d) Refunds to the Association made pursuant to subparagraph (a), (b) or (c) of this paragraph 6 shall be credited to the Credit Account for subsequent withdrawal or for cancellation in accordance with the provisions of the Development Credit Agreement.

**Annex A**  
**to**  
**SCHEDULE 1**

**Operation of Special Account**  
**When Withdrawals Are Not**  
**Report-based Disbursements**

1. For the purposes of this Annex, the term “Authorized Allocation” means the amount of \$14,000,000 to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 2 of this Annex.

2. Withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Bank a request or requests for deposit into the Special Account of an amount or amounts which in the aggregate do not exceed the Authorized Allocation. On the basis of each such request, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account such amount as the Borrower shall have requested.

(b) For replenishment of the Special Account, the Borrower shall furnish to the Association requests for deposit into the Special Account at such intervals as the Association shall specify. Prior to or at the time of each such request, the Borrower shall furnish to the Association the documents and other evidence required pursuant to paragraph 3 of Part B of this Schedule 1 for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for

Eligible Expenditures. Each such deposit into the Special Account shall be withdrawn by the Association from the Credit Account under one or more of the Eligible Categories.

3. The Association shall not be required to make further deposits into the Special Account, once the total unwithdrawn amount of the Credit minus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions shall equal the equivalent of twice the amount of the Authorized Allocation. Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit shall follow such procedures as the Association shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Association shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for Eligible Expenditures.

**Annex B**  
**to**  
**SCHEDULE 1**

**Operation of Special Account**  
**When Withdrawals Are**  
**Report-based Disbursements**

1. Withdrawals from the Credit Account shall be deposited by the Association into the Special Account in accordance with the provisions of this Schedule. Each such deposit into the Special Account shall be withdrawn by the Association from the Credit Account under one or more of the Eligible Categories.
  
2. Upon receipt of each application for withdrawal of an amount of the Credit, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account an amount equal to the lesser of:
  - (a) the amount so requested; and
  
  - (b) the amount which the Association has determined, based on the reports referred to in paragraph 4 of Part A of Schedule 1 applicable to such withdrawal application, is required to be deposited in order to finance Eligible Expenditures during the six-month period following the date of such reports.

## **SCHEDULE 2**

### **Description of the Project**

The objective of the Project is to assist the Borrower to provide improved services for the urban poor and strengthen community and government institutions for responsive service delivery.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Association may agree upon from time to time to achieve such objectives:

#### Part A: Community Development and Local Government Capacity Building

1. Carrying out of poverty awareness-raising activities in Project Kelurahan, including national level public campaigns, Kelurahan level workshops, and training of community volunteers, to encourage communities: (i) to discuss the nature of poverty in the Project Kelurahan and methods to address poverty and; (ii) to carry out community self-surveys.
2. Establish a BKM or strengthen an existing BKM through the provision of technical assistance and training.
3. Preparation of a Community Development Plan by the BKM in each Project Kelurahan, on the basis of the community self-survey and provision of technical assistance.
4. Carrying out of: (a) poverty awareness-raising training for Project Kelurahan cadres and other relevant stakeholders; (b) leadership training for BKM and Kelurahan cadres; (c) Project cycle training for community groups, BKM members, UPK, PJOK, and Kelurahan cadres; and (d) training in specific skills required for Project implementation for relevant community groups, BKM members, UPK, PJOK, Kelurahan cadres and facilitators.
5. Provision of technical assistance to BKMs for the establishment of BKM Forums and provision of technical assistance and training to BKM Forums.
6. Establishment of KPKDs and strengthening of existing KPKDs through the carrying out of capacity building activities, including awareness raising in poverty alleviation and training in participatory planning and budgeting.

Part B: Kelurahan Grants and Sub-loans

1. Carrying out of infrastructure investment and social services Sub-projects in Project Kelurahans, through the provision of Kelurahan Grants to Grantees.
2. Carrying out of income-generating investment Sub-projects in Project Kelurahans, through the provision of Sub-loans to Kelurahan-borrowers.
3. Carrying out of social welfare Sub-projects in Project Kelurahans through the provision of Kelurahan Grants to Highly Vulnerable Groups.

Part C: Poverty Alleviation Partnership Grants

Carrying out of infrastructure investment and social services Sub-projects benefiting more than one Project Kelurahan, through the provision of Poverty Alleviation Partnership Grants to Grantees.

Part D: Strengthening Project Implementation Agencies

1. Strengthening the Project Management Unit's capacity in Project implementation and monitoring through the provision of technical assistance by the National Management Consultants.
2. Strengthening the capacity of provincial-level BAPPEDAs, Project Kotas, Project Kecamatan and Project Kelurahans in Project implementation and monitoring through the provision of technical assistance by the Oversight Consultants.
3. Carrying out evaluations of the impact of the Project on poverty in Project Kelurahans, including provision of technical assistance by the Evaluation Consultants.

\* \* \*

The Project is expected to be completed by December 31, 2010.



## **SCHEDULE 3**

### **Procurement**

#### Section I. Procurement of Goods and Works

A. All goods, works and services (other than consultants' services) shall be procured in accordance with the provisions of Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" dated May 2004 (the Guidelines), the provisions of the Annex to this Schedule 3 and the provisions of this Schedule. If the Borrower employs any procurement or inspection agents, it shall ensure that the requirements of Section 3.10 and 3.11 of the Procurement Guidelines are met.

B. All consultants' services shall be procured in accordance with Section I and IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated May 2004 (the Consultant Guidelines), and with the provisions of this Schedule.

C. The capitalized terms used below in this Schedule to describe particular procurement methods or methods of review by the Association of particular contracts, have the meanings ascribed to them in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

#### Section II. Particular Methods of Procurement of Goods, Works and Services (other than Consultants' Services)

##### Community Participation

Goods and works required for Parts B and C of the Project shall be procured in accordance with procedures acceptable to the Association.

#### Section III. Particular Methods of Procurement of Consultants' Services

##### A. Quality- and Cost-based Selection

Except as otherwise provided in Part B of this Section, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection. For purposes of paragraph 2.7 of the Consultant Guidelines, the short list of consultants for services estimated to cost less than \$400,000 equivalent per contract may comprise entirely national consultants.

B. Other Procedures

1. Selection Based on Consultants' Qualifications

Services for Project evaluation under Part D of the Project may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1, 3.7 and 3.8 of the Consultant Guidelines.

2. Single Source Selection

Services by the National Management Consultants, Evaluation Consultants and the Oversight Consultants under Part D of the Project requiring continuation of existing services, and services required by communities under Sub-projects under Parts B and C of the Project, may, with the Association's prior agreement, be procured in accordance with the provisions of paragraphs 3.9 through 3.13 of the Consultant Guidelines.

3. Individual Consultants

Services for assignments that meet the requirements set forth in the first sentence of paragraph 5.1 of the Consultant Guidelines may be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.2 through 5.3 of the Consultant Guidelines. Under the circumstances described in paragraph 5.4 of the Consultant Guidelines, such contracts may be awarded to individual consultants on a sole-source basis in accordance with the provisions of paragraph 5.4 of the Consultant Guidelines, subject to prior approval of the Association.

4. Least-cost Selection

Services for assignments which the Association agrees meet the requirements of paragraph 3.6 of the Consultant Guidelines may be procured under contracts awarded on the basis of Least-cost Selection in accordance with the provisions of paragraphs 3.1 and 3.6 of the Consultant Guidelines.

Section IV. Review by the Association of Procurement Decisions

Except as the Association shall otherwise determine by notice to the Borrower, the following contracts shall be subject to Prior Review by the Association, namely: each contract for consultants' services provided by a firm selected on the basis of Single Source Selection or that is estimated to cost the equivalent of \$100,000 or more. In addition, the record of justification referred to paragraph 5 to Appendix 1 to the Consultant Guidelines for each contract for the employment of individual consultants estimated to cost the equivalent of \$50,000 or more shall be subject to prior approval by the Association. All other contracts shall be subject to Post Review by the Association.

**Annex  
to  
SCHEDULE 3**

Without limitation on the provisions of Schedule 3 to the Development Credit Agreement (Schedule 3) and of the Guidelines and the Consultant Guidelines (as such terms are defined in said schedule and referred to hereafter as the Procurement Guidelines), the following provisions shall apply in respect of goods, works and consultants' services to be procured under the Project:

1. To ensure end-user participation in the procurement of goods, works and consultant services under the Project, the requestor/user of such goods, works or consultant services (as the case may be) to be acquired, shall be represented on the relevant procurement/selection committee. The criteria for the selection of procurement committee/selection members shall in all cases be consistent with the provisions of the Procurement Guidelines and the Project Management Manual (provided, however, that in the event of any inconsistency between the Project Management Manual and the Procurement Guidelines, the provisions of the Procurement Guidelines shall apply).
2. The annual Procurement Plan, including all updates thereof; shall be made publicly available promptly after their finalization.
3. All bidding documents and requests for proposals issued in accordance with Schedule 3 shall be made available to any member of the public promptly upon request, subject only to payment of a reasonable fee to cover the cost of printing and delivery. In the case of requests for proposals, the relevant documents will only be made available after notification of award to the successful firm. Each such document will continue to be made publicly available until a year after completion of the contract entered into for the goods, works or consultants' services in question.
4. All short lists of consultants and, in cases of pre-qualification, lists of pre-qualified contractors and suppliers shall be made available to any member of the public promptly upon request.
5. A summary of the evaluation of all bids and proposals for specific contracts shall be disclosed to all bidders and parties submitting proposals therefor, promptly after the notification of award to the successful bidder/consultant. Information in such summaries will be limited to a list of bidders/consultants, all bid prices and financial proposals as read out at public openings for bids and financial proposals, all bids and proposals declared non responsive (together with reasons for such an assessment), the name of winning bidder/consultant and the contract price. Such summaries will be made available to any member of the public promptly upon request.

6. Contract award information for all contracts for goods and works of \$100,000 equivalent or more and all contracts for consultants of \$50,000 equivalent or more shall be made publicly available and published widely, and be made available to any member of the public upon request, promptly after such award.

7. A list of all contracts awarded in the three (3) months preceding the date of such request, including, with respect to each such contract, the name of the contractor/consultant selected, the contract amount, the number of bidders/makers of proposals in respect thereof, the procurement method followed and the purpose of such contract shall be made available, promptly upon request by member of the public.

8. Representatives of the end-users of goods or works being procured shall be permitted to attend public bid openings in respect thereof.

## SCHEDULE 4

### Implementation Program

1. The Borrower shall maintain until completion of the Project, a Project Management Unit in MPW, responsible for the implementation of the Project and the monitoring of the Project, headed by a Project Manager, and said Unit to be provided at all times with adequate funds and other resources and staffed by qualified and experienced personnel in adequate numbers as shall be necessary to accomplish its objectives.

2. The Borrower shall adopt and, thereafter apply in the implementation of the Project, the Project Manual, acceptable to the Association, which shall include the description of: (i) implementation arrangements; (ii) the procurement procedures set forth in Schedule 3 to this Agreement and standard procurement documentation; (iii) reporting requirements, financial management procedures and audit procedures as set forth in Article 4 of this Agreement; (iv) the Project Performance Indicators as set forth in Schedule 5 to this Agreement; (v) the Environmental Guidelines; (vi) the Isolated Vulnerable Peoples Framework; (vii) the Land Acquisition and Resettlement Policy Framework; (viii) the environmental criteria applicable to Sub-project design including environmental impact mitigation; (ix) maintenance provisions for works to be carried out under a Sub-project; and (x) the criteria for the selection of Sub-projects and terms and conditions of Grants and Sub-loans set forth in the Annex to Schedule 4 to this Agreement.

3. The Borrower shall ensure that, prior to participation in Project activities, a Project Kota or Project Kabupaten has:

(a) agreed to carry out activities under the Project in accordance with procedures acceptable to the Association, including the Project Manual;

(b) established a Project office for purposes of Project coordination and disbursement of funds;

(c) taken all steps required to make available counterpart funds as required;  
and

(d) established a list of Project Kelurahan in accordance with the criteria set out in the Project Manual.

4. The Borrower shall ensure that, prior to participation in Project activities under Part C of the Project, a Project Kota or Project Kabupaten has:

- (a) complied with the provisions of paragraph 3 of this Schedule;
  - (b) agreed to carry out activities under Part C of the Project in accordance with procedures acceptable to the Association, including the Project Manual;
  - (c) established an independent Poverty Alleviation Partnership Grant Selection Committee consisting of BKM Forum members, community representatives (including non-governmental organizations if such organizations wish to participate) and local government staff;
  - (d) taken all steps required to fund the operational costs of the PJOK-PAPG;  
and
  - (e) taken all steps required to promote the development of joint proposals by local government agencies and community organizations including the provision of required funds.
5. In carrying out Part A.1 of the Project, the Borrower shall: (a) prepare and make available materials for poverty awareness-raising, acceptable to the Association, for the first year of Project implementation; and (b) thereafter, prepare and make available socialization materials, acceptable to the Association, until completion of the Project, in a timely manner.
6. The Borrower shall ensure that Parts A.2 and A.6 of the Project are carried out in accordance with the provisions of the Project Manual.
7. In carrying out Part A.3 and A.4 of the Project, the Borrower shall: (a) prepare and make available training materials therefor, acceptable to the Association, for the first year of Project implementation; and (b) thereafter, prepare and make available training materials, acceptable to the Association, until completion of the Project, in a timely manner.
8. The Borrower shall ensure, at all times, that public information, aimed at disclosing to inhabitants of Project Kecamatan and Project Kelurahan all administrative, financial, environmental, social, procedural and technical aspects pertaining to the selection, design, preparation and implementation of Sub-projects, including the Project Manual, is available free of charge at the offices of the respective Camat and Lurah.
9. The Borrower shall ensure that Sub-projects are selected for purposes of Parts B and C of the Project in accordance with the criteria and the terms and conditions set forth in the Annex to this Schedule.

10. The Borrower shall ensure that, for purposes of Part B.2 of the Project, a revolving fund is established and maintained by the respective BKM in the Project Kelurahan, in accordance with procedures agreed with the Association and set forth in the Project Manual, to be funded with the proceeds of repayments of Sub-loans and to be used exclusively for further on-lending to finance Sub-projects.

11. In carrying out Parts B and C of the Project, the Borrower shall:

(a) ensure that the proceeds of Grants and Sub-loans shall not be used to finance the acquisition of land;

(b) shall apply the Land Acquisition and Resettlement Policy Framework, including:

(i) taking all appropriate measures to avoid or minimize the acquisition of land or assets of people and to avoid the displacement of said people;

(ii) where the acquisition of land or assets or the displacement of residents is unavoidable under a proposed Sub-project, ensuring that all Displaced Persons thereunder shall have been compensated and provided with resettlement and rehabilitation measures prior to the implementation of such Sub-project and in accordance with the provisions of the Land Acquisition and Resettlement Policy Framework; and

(iii) in the event that two hundred (200) or more residents are adversely Displaced by a Sub-project:

(A) preparing a resettlement plan in accordance with the Land Acquisition and Resettlement Policy Framework and furnish such plan to the Association for approval; and

(B) prior to the carrying out of the Sub-project, ensuring that all Displaced Persons shall have been compensated in accordance with the provisions of said plan;

(c) taking all such measures and actions set out in the Environmental Guidelines for the elimination or offsetting of adverse environmental impacts under a proposed Sub-project, or the reduction of such impacts to acceptable levels; and

(d) applying the Isolated Vulnerable Peoples Framework, including:

- (i) avoiding, and, if not possible, minimizing cultural, social and economic adverse effects on Isolated Vulnerable People caused or likely to be caused by the Project; and
- (ii) through a process of informed consultation and participation, involving concerned Isolated Vulnerable People in the design and implementation of Sub-projects so as to ensure that the benefits received by the Isolated Vulnerable People under the Project are in harmony with their economic, social and cultural preferences and protect their customary user rights.

12. In carrying out Part C of the Project, the Borrower shall select Project Kotas and Project Kabupatens in accordance with criteria acceptable to the Association.

13. In carrying out Part C of the Project, the Borrower shall carry out an evaluation of the performance of the selected Project Kotas and Project Kabupatens in the implementation of the Poverty Alleviation Partnership Grant program, and furnish such evaluation to the Association by October 31 of each year, commencing October 31, 2006, and until completion of the Project.

14. The Borrower shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with the indicators set forth in Schedule 5 to this Agreement, the carrying out of the Project and the achievement of the objectives thereof;

(b) prepare, under terms of reference satisfactory to the Association, and furnish to the Association, on or about October 15, 2007, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this paragraph 14, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date;

(c) review with the Association, by December 15, 2007, or such later date as the Association shall request, the report referred to in paragraph (b) of this paragraph 14, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Association's views on the matter; and

(d) make publicly available the report referred to in sub-paragraph (c) of this paragraph 14, at the same time as it is furnished to the Association pursuant to said sub-paragraph.



**Annex  
to  
SCHEDULE 4**

**Selection Criteria for Sub-Projects**

A. Selection Criteria for Sub-projects - General

1. No Sub-project shall: (a) include expenditures intended for a military or paramilitary purpose; (b) include civil works for government administration or religious purposes; (c) relate to the manufacture or use of environmentally harmful products (including pesticides, ozone-depleting substances, tobacco or tobacco products, materials containing asbestos, arms and drugs); (d) relate to activities producing liquid or gaseous effluents or emissions at harmful levels; (e) relate to activities using, producing, storing or transporting hazardous materials and wastes; (f) relate to logging; (g) relate to activities in protected areas; (h) relate to fisheries activities that are not in accordance with standards set by the Borrower's Fishery Service Agency; or (i) include the financing of government salaries.

2. No project shall qualify as a Sub-project eligible for financing out of the proceeds of a Grant or a Sub-loan until a Sub-project Implementation Agreement has been entered into between or among the relevant: (i) Grantee or Grantees and BKM for a proposed project under Parts B.1 and B.3 of the Project; (ii) Grantee or Grantees and PJOK PAPG for a proposed project under Part C of the Project; and (iii) Kelurahan-borrower or Kelurahan-borrowers, BKM and PJOK for a proposed project under Part B.2 of the Project, in each case on terms and conditions set forth in the Project Manual.

B. Additional Selection Criteria for Sub-projects under Part B of the Project

1. Sub-projects under Part B.1 of the Project

(a) Each Sub-project proposed under Part B.1 of the Project shall be a public infrastructure investment project or a social service project which is technically, financially and environmentally viable, and economically justified by the number of people benefiting from it.

(b) Each Sub-project proposed under Part B.1 of the Project in the education sector shall be compatible with the relevant Kabupaten/Kota education master plan, if such plan exists.

(c) Each Sub-project proposed under Part B.1 of the Project in the health sector shall be compatible with the relevant Kabupaten/Kota health master plan, if such plan exists.

2. Sub-projects under Part B.2 of the Project

(a) Each proposed Sub-project shall be a poverty alleviation and income-generating investment project which is technically, financially, socially and environmentally viable, and economically justified.

(b) Sub-loans shall be made on terms and conditions agreed with the Association and set forth in the Project Manual.

3. Sub-projects under Part B.3 of the Project

Each Sub-project proposed under Part B.3 of the Project shall be a social welfare project or activity which is technically justified.

C. Additional Selection Criteria for Sub-projects under Part C of the Project

1. Each Sub-project proposed under Part C of the Project shall be :

(a) a public infrastructure investment project or a social service project which is technically, financially, socially and environmentally viable, and economically justified by the number of people benefiting from it;

(b) a Sub-project proposed by Kelurahan organizations in partnership with local government agencies; and

(c) funded at least fifty percent (50%) by DINAS development budget, BKM and private sponsors.

2. Each Sub-project proposed under Part C of the Project in the education sector shall be compatible with the relevant Ministry of Education and Kabupaten/Kota education master plans, if such plans exist.

3. Each Sub-project proposed under Part C of the Project in the health sector shall be compatible with the relevant Ministry of Health and Kabupaten/Kota health master plans, if such plans exist.

**SCHEDULE 5**

**Performance Indicators**

Outcome Indicators	Baseline 2005	Target				
		YR1 2006	YR2 2007	YR3 2008	YR4 2009	YR5 2010
(1) 50% of poor households in the targeted Kelurahan receive benefits and improved services under Project - 50% of micro credit recipients have increased their income level - infrastructure built cost at least 20% less than those built by government and meet the needs of community (in line with Community Development Plans (CDP)) in 80% of Kelurahan - the provision of grant assistance (social fund) continues in 70% of Kelurahan		10%		30%		50%
				30%		50%
				40%		80%
				30%		70%
(2) At least 70% of the BKMs that have been formed are representative, effective, and in participative manner				50%		70%
(3) At least 30 local governments participating under Part C of the Project provide their own resources for the implementation of CDP independently from Poverty Alleviation Partnership Grants				20		30
<b>Results Indicators for Each Part of the Project</b>						
<b>Part A:</b>						
(a) % of Community Development Plans implemented		30	40	50	70	90
(b) % of adults voting in BKM elections		30		30		
(c) BKMs formed as percentage of participating local governments				50%		80%
<b>Part B:</b>						
(a) % of poor urban households utilizing Project infrastructure		10	35	50	65	75

Outcome Indicators	Baseline 2005	Target				
		YR1 2006	YR2 2007	YR3 2008	YR4 2009	YR5 2010
(b) % of poor urban households accessing micro credit		10	20	25	35	40
(c) % of BKMs with microcredit who have repayment rates over 90%			50%	60%	65%	70%
(d) % of poor urban households receiving grant assistance		5	6	8	10	15
(e) % of BKMs that receive funds from other agencies				10	20	30
<b>Part C:</b>						
(a) # of Regional Poverty Alleviation Strategy papers completed				30		40
(b) % of poor urban households receiving services through partnership at the receiving BKM			40%	50%	55%	60%
(c) % of financing provided by local government and private sector for PAPG			50%	50%	50%	50%
<b>Part D:</b>						
(a) % of BKMs with completed annual financial audits			50%	60%	70%	80%
(b) % of Oversight Consultants providing timely, accurate data through MIS		80%	85%	85%	90%	100%
(c) % of targeted areas receiving technical support		70%	75%	80%	85%	95%