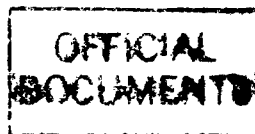


W. 8549-UA



Supplemental Letter

**STATE ROAD AGENCY OF UKRAINE
UKRAVTODOR**

November 19, 2015

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

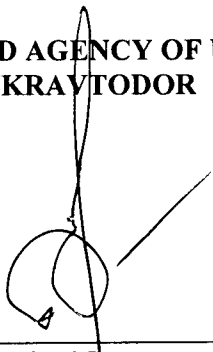
Re: Loan 8549-UA (Road Sector Development Project)
Performance Monitoring Indicators

Dear Sirs and Mesdames:

Referring to the provisions of Section II.A.1 of the Schedule to the Project Agreement between the International Bank for Reconstruction and Development ("Bank") and State Road Agency Of Ukraine Ukravtodor ("Ukravtodor") for the above-captioned Project, Ukravtodor hereby confirms to the Bank that the indicators set out in the attachment to this letter shall serve as a basis for Ukravtodor to monitor and evaluate the progress of the Project and the achievement of the objectives thereof.

Very truly yours,

**STATE ROAD AGENCY OF UKRAINE
UKRAVTODOR**

By  _____
Authorized Representative

Attachment

Road Sector Development Project
Performance Monitoring Indicators

These results are at | Project Level

Project Development Objective Indicators

Indicator Name	Baseline	Cumulative Target Values					
		YR1	YR2	YR3	YR4	YR5	End Target
Reduction in travel time between Poltava and Kharkiv (min)	140			120		96	96
Reduction in traffic accidents involving injury and fatalities on Poltava to Kharkiv road	139 (incl. 26 fatalities)			96 (18)		85 (16)	85 (16)
Condition in IRI of M-03, M-6 and M-07 corridors sustained at IRI <2 (Yes/No)	Yes IRI Range 1.3-1.8			Yes		Yes	Yes
Road network management modernized measured by:							
(i) percentage reduction in accidents caused by over-speeding	39			30	20	20	20
(ii) percentage reduction in number of over-weight trucks	30			30	25	20	15

Intermediate Results Indicators

Indicator Name	Baseline	Cumulative Target Values					
		YR1	YR2	YR3	YR4	YR5	End Target
Component 1: Road Rehabilitation and Safety Improvement							
Roads constructed on M-03, non-rural (kilometers) (Core)	0			26	64	100	100
Component 2: Maintenance of Core National Road Corridors							
Roads maintained using long term performance based contracts (number)	0		838			838	838
Component 3: Network Management and Development							
First phase implementation of modern network management tools:							
(i) weigh-in-motion control system (yes/no)	No			Yes	Yes	Yes	Yes
(ii) national system of automatic speed enforcement (yes/no)	No			Yes	Yes	Yes	Yes
Tolling strategy, system specification and bidding documents prepared and adopted (yes/no)	No			Yes	Yes	Yes	Yes
Strategy for maintenance reform prepared and adopted (yes/no)	No			Yes	Yes	Yes	Yes
Digital Passport implemented on National Roads (with up-to-date	0			5,000	10,000	21,000	21,000

conditions and traffic data) km							
Feasibility and detailed design completed in km (number)	0		200	300	400	500	500
Cross-cutting issues							
Direct project beneficiaries (number), of which female (percentage):							
Short term construction jobs:	0		400 (30%)	1,000 (30%)	2,000 (30%)	2,000 (30%)	2,000 (30%)
Long term maintenance jobs:	0		800 (40%)	1600 (40%)	1600 (40%)	1600 (40%)	1600 (40%)
Direct daily road user beneficiaries:	0				30,000	40,000	40,000
Indirect beneficiaries in Poltava and Kharkiv Oblasts:	0				4.4 million	4.4 million	4.4 million
Beneficiaries that feel project investments reflected their needs (%) gender disaggregated	0			65		80	80
Ukravtodor publishes annual report on GRM and how issues were resolved [including resolution rates] (Yes/No)	No		Yes	Yes	Yes	Yes	Yes

Indicator Description

Project Development Objective Indicators				
Indicator Name	Description (indicator definition etc.)	Frequency	Data Source / Methodology	Responsibility for Data Collection
Reduction in travel time between Poltava and Kharkiv (minutes)	This indicator measures the average travel time reduction along the M-03 corridor between Poltava and Kharkiv. This indicator will be measured at the end of the project and will be monitored annually for the roads improved under the project.	Annual	Project Reports Progress	UAD
Reduction in traffic accidents involving injury and fatalities on Poltava to Kharkiv road	This indicator will measure the reduction of road crashes injuries and fatalities along the M-03 corridor between Poltava and Kharkiv.	Annual	Project Reports Progress	Traffic Police
Condition in IRI of M-03, M-6 and M-07 corridors sustained	This indicator will measure the overall condition of the 3 main corridors that will be maintained under the project. The corridors are already in good or fair condition and the objective is to sustain this condition at a level of <2 IRI national roads based on the average IRI of the network.	Annual	Project Reports Progress	UAD
Modernization of road network management (i) reduction in accidents caused by over-speeding (%) (ii) reduction in number of over-weight trucks (%)	This indicator will measure the outcomes of key steps in the provision of a modern system of network management. This will include in particular the reduction in accidents caused by over-speeding following the implementation of speed cameras and the reduction in number of over-weight trucks following the introduction of weigh-in-motion control. The baseline of this second indicator is the number observed in M06 and may not reflect perfectly the situation on M03.	Annual	Project Reports Progress	Mol/ UAD

Intermediate Results Indicators

Indicator Name	Description (indicator definition etc.)	Frequency	Data Source / Methodology	Responsibility for Data Collection
Roads constructed on M-03, non-rural (kilometers) – (Core)	This indicator will measure the distance of the M-03 corridor between Poltava and Valky that will be improved under this project. This is a core indicator of the World Bank.	Quarterly	Project Reports	UAD
Roads maintained using long term performance based contracts (number)	This indicator will measure the number of km maintained under Output and Performance-based Road Contracts (OPRC) financed by the operation.	Annual	Project Reports	UAD
First phase of implementation of modern network management tools: (i) weigh-in-motion control system (yes/no) and (ii) national system of automatic speed enforcement (yes/no)	This indicator will measure progress in the steps to be taken to achieve the successful roll out of a system of weigh-in-motion control and the progress with implementation of initial phase of national speed enforcement system along the Kiev to Kharkiv road corridor as evidenced by the installation of automatic speed enforcement cameras, associated processing center and intensity of speed controls using mobile equipment. The first phase will imply a limited implementation of the weight in motion and speed enforcement in one road section to be defined in the initial specification of the works.	Quarterly	Project Reports	UAD/ Traffic Police
Preparation of e-tolling strategy (yes/no)	This indicator will measure the progress towards readiness for e-tolling or alternative revenue generating system (such as e-vignette). It will in particular focus on the preparation of FS to assess viability and develop functional specifications and the preparation of bidding documents.	Annual	Project Reports	UAD
Strategy for maintenance reform prepared (yes/no)	This indicator will measure the steps towards the implementation of the maintenance reform program, from capacity assessment to	Annual	Project Reports	UAD

	implementation of key reforms, in particular the decentralization of DAKs.				
Digital Passport implemented on National Roads (with up-to-date conditions and traffic data) km	This indicator will measure the implementation of Digital Passports, i.e. system of databases with up-to-date data on condition of the roads and maintenance plans. The system will also be used to share information with the public via internet.	Annual	Project Reports	Progress	UAD
Feasibility and detailed design completed in km	This indicator will measure progress in the preparation of feasibility studies and detailed design for Lviv-Kherson corridor. The objective is the preparation of high quality projects to be financed in the future by the Bank or other financiers.	Quarterly	Project Reports	Progress	UAD
Direct project beneficiaries (number), of which female (percentage)	This indicator measures the number of direct project beneficiaries and percentage of female beneficiaries among them.	Annual	Project Reports	Progress	UAD
Beneficiaries that feel project investments reflected their needs (%) gender disaggregated	This indicator measures the share of beneficiaries (men and women) reporting that their concerns have been taken into account during project design and implementation	Annual starting from the second year of implementation	Project reports	progress	UAD
Ukravtodor publishes annual report on GRM and how issues were resolved [including resolution rates] (Yes/No)	This indicator measures the existence of an annual report on GRM and how issues were resolved [including resolution rates]	Annual	Project reports	progress	UAD