



W. 8465-UZ

Supplemental Letter

UZBEKISTAN TEMIR YOLLARI

March 4, 2015

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

Re: Loan No. 8465-UZ
(Pap-Angren Railway Project)
Performance Monitoring Indicators

Dear Sirs and Mesdames:

This refers to Section II.A.1 of the Schedule to the Project Agreement between Uzbekistan Temir Yollari (the Project Implementing Entity) and the International Bank for Reconstruction and Development (the Bank) for the above-mentioned Project. The Project Implementing Entity hereby confirms to the Bank that the indicators set out in the attachment to this letter shall serve as a basis for the Project Implementing Entity to monitor and evaluate the progress of the Project and the achievement of the objectives thereof.

Very truly yours,

UZBEKISTAN TEMIR YOLLARI

By 
Authorized Representative

**Pap Angren Railway Project
Performance Monitoring Indicators**

Project Development Objectives

PDO Statement

The proposed project development objectives are to reduce transport costs and to increase transport capacity and reliability through the construction of a rail link between the Uzbek part of the Fergana Valley and the rest of Uzbekistan.

These results are at

Project Level

Project Development Objective Indicators

Indicator Name	Baseline	Cumulative Target Values					End Target
		YR1	YR2	YR3	YR4		
Transportation cost for public transport users per passenger (Amount(USD))	15.00	15.00	16.50	18.20	16.00	16.00	
Transportation cost for freight (Amount(USD))	n/a	n/a	n/a	n/a	n/a	n/a	
Freight cost for oil and oil products per tank (Amount(USD) - Sub-Type: Diesel(diesel))	1944.00	1944.00	2218.60	816.00	930.00	930.00	
Freight cost for fertilizers per wagon (Amount(USD) - Sub-Type: Breakdown)	2058.60	2058.60	2349.40	858.50	979.90	979.90	
Freight cost for automobile per wagon (Amount(USD) - Sub-Type: Breakdown)	6714.00	6714.00	7662.50	529.00	604.00	604.00	
Transport capacity (Number)	n/a	n/a	n/a	n/a	n/a	n/a	
Pairs of passenger trains per day (Number - Sub-Type: Breakdown)	0.00	0.00	0.00	0.00	1.00	1.00	

Pairs of freight trains per day (Number - Sub-Type: Breakdown)	0.00	0.00	0.00	1.00	1.00	1.00	1.00
Reliability of rail services (percent of delays) (Percentage)	95.00	95.00	95.00	5.00	5.00	5.00	5.00

Intermediate Results Indicators

Indicator Name	Baseline	Cumulative Target Values					End Target
		YR1	YR2	YR3	YR4		
Installation of Signaling System (Text)	The system is not commissioned	The system is not commissioned	The system is not commissioned	The system is commissioned	The system is commissioned	The system is commissioned	The system is commissioned
Electrification of the Rail (Text)	The system is not commissioned	The system is not commissioned	The system is not commissioned	The system is commissioned	The system is commissioned	The system is commissioned	The system is commissioned
Construction of Power Distribution Line (Text)	The power distribution line is not commissioned	The power distribution line is not commissioned	The power distribution line is not commissioned	The power distribution line is commissioned	The power distribution line is commissioned	The power distribution line is commissioned	The power distribution line is commissioned
Working Ratio (Financial Sustainability of UTY) (Percentage)	64.00	65.00	66.00	66.00	67.00	67.00	67.00
Direct project beneficiaries (Number)	0.00	0.00	0.00	0.00	611740.00	611740.00	611740.00
Beneficiary satisfaction with the quality of services (males) (Percentage - Sub-Type: Supplemental)	0.00	0.00	0.00	0.00	85.00	85.00	85.00
Beneficiary satisfaction with the quality of services (females) (Percentage - Sub-Type: Supplemental)	0.00	0.00	0.00	0.00	85.00	85.00	85.00
Grievances registered related to delivery of project benefits addressed (%) (Percentage) - (Core)	70.00	70.00	80.00	90.00	90.00	90.00	90.00

Grievances related to delivery of project benefits that are addressed- (number) (Number - Sub-Type: Supplemental) - (Core)	30.00	30.00	25.00	20.00	25.00	25.00
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Indicator Description

Project Development Objective Indicators

Indicator Name	Description (indicator definition etc.)	Frequency	Data Source / Methodology	Responsibility for Data Collection
Transportation cost for public transport users per passenger	The baseline is the cost per passenger to travel from Andijan to Tashkent in a private taxi or mini-bus. The baseline cost is compared to a trip by rail in the economy class on the same route once the new line is operational. Annual rate of increase of fare is assumed to be 10% (historical rate of increase for the period of 2009-2014). The currency conversion from UZ sums to US dollars will be carried out using the exchange rate indicated in the DAN.	Annual	UTY	UTY
Transportation cost for freight	This indicator has three sub-indicators. These include freight costs for (i) oil and oil products, (ii) fertilizers, and (iii) automobiles.	Annual	UTY	UTY
Freight cost for oil and oil products per tank	Currently oil and oil products are transported on Tajik rail link because it is dangerous to transport petroleum products via the Kanachik Pass. Once Pap-Angren is built, these products will be transported via rail. The cost is calculated for the route Pap - Angren. Annual rate of increase of tariffs is assumed to be 14% (historical	Annual	UTY	UTY

	rate of increase for the period of 2010-2014). The currency conversion from UZ sums to US dollars will be carried out using the exchange rate indicated in the PAD.			
Freight cost for fertilizers per wagon	Currently fertilizers (urea fertilizer and ammonium nitrate) are transported via rail, transferred to road through the Kamchik Pass and then transferred back to rail. Once Pap-Angren is operational, the fertilizer products can be transported via rail directly to destination using similar size wagons. The cost is calculated for the route Pap - Angren. Annual rate of increase of tariffs is assumed to be 14% (historical rate of increase for the period of 2010-2014). The currency conversion from UZ sums to US dollars will be carried out using the exchange rate indicated in the PAD.	Annual	UTY	UTY
Freight cost for automobile per wagon	Currently, the manufactured cars are transported via road and car parts are delivered by railway through Sughd Province of Tajikistan. Once Pap-Angren is operational, the automobiles could be transported via rail through the Uzbek territory if the associated logistics and rail infrastructures are available. The cost is calculated for the route Pap - Angren. Annual rate of increase of tariffs is assumed to be 14% (historical rate of increase for the period of 2010-2014). The currency conversion from UZ sums to US dollars will be carried out using the exchange rate indicated in the PAD.	Annual	UTY	UTY
Transport capacity	Once the Pap-Angren railway is operational, the transport connectivity	Annual	UTY	UTY

	between the Uzbek Part of the Ferghana Valley and the rest of Uzbekistan will be improved. The capacity of the new infrastructure is measured as a number of pair of trains (passenger and freight) on the line per day. The indicator has two sub-indicators.			
Pairs of passenger trains per day	The sub-indicator measures a number of pairs of passenger trains per day on the Pap-Angren railway line	Annual	UTY	UTY
Pairs of freight trains per day	The sub-indicator measures a number of pair of freight trains per day on the Pap-Angren railway line	Annual	UTY	UTY
Reliability of rail services	Reliability of the new infrastructure is measured as percent of trips delayed by more than one day as per schedule. The baseline is the percent of delays on the Tajik railway line (Sughd Province of Tajikistan). It is compared with the percent of delays on the Pap-Angren railway line once it is operational.	Annual	UTY	UTY

Intermediate Results Indicators

Indicator Name	Description (indicator definition etc.)	Frequency	Data Source / Methodology	Responsibility for Data Collection
Installation of Signaling System	No description provided.	Annual	UTY	UTY
Electrification of the Rail	No description provided.	Annual	UTY	UTY
Construction of Power Distribution Line	No description provided.	Annual	UTY	UTY
Working Ratio (Financial Sustainability of UTY)	Working ratio measures the ratio of operating cost (excluding depreciation) to operating revenue.	Annual	UTY	UTY

Direct project beneficiaries	The indicator will be measured as the annual number of passengers that will travel via the new railway link	Annual	UTY	UTY
Beneficiary satisfaction with the quality of services (males)	The percentage of male respondents who are satisfied with the quality of services on the new railway line corridor	Annual	UTY	UTY
Beneficiary satisfaction with the quality of services (females)	The percentage of female respondents who are satisfied with the quality of services on the new railway line corridor	Annual	UTY	UTY
Grievances registered related to delivery of project benefits addressed (%)	This indicator measures the transparency and accountability mechanisms established by the project so the target beneficiaries have trust in the process and are willing to participate, and feel that their grievances are attended to promptly. It is understood that local sensitivities and tensions will not allow grievance or redress mechanisms to be established in all projects.	Annual	UTY	UTY
Grievances related to delivery of project benefits that are addressed-(number)	No description provided.	No description provided.	No description provided.	No description provided.