



LN 8391-UA

Supplemental Letter No. 3.2

**UTILITY COMPANY "KHARKIVVODOKANAL"**

Date October 20, 2014

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

Re: Loan No. 8391-UA  
Second Urban Infrastructure Project  
(Urban Infrastructure Project – 2)  
Performance Monitoring Indicators

Dear Sirs and Mesdames:

This refers to Section II.A of the Schedule to the Project Agreement of even date herewith between the International Bank for Reconstruction and Development (the Bank) and the Utility Company "Kharkivvodokanal" (the Project Implementing Entity). 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

Very truly yours,

**UTILITY COMPANY "KHARKIVVODOKANAL"**

By  \_\_\_\_\_  
Authorized Representative

Attachment

**Loan No. 8391-UA Second Urban Infrastructure Project  
(Urban Infrastructure Project – 2)  
Performance Monitoring Indicators**

<b>Project Development Objective</b>													
<b>PDO Statement</b>													
The project development objective (PDO) is to improve the quality and efficiency of water, wastewater, and solid waste services in selected cities in Ukraine.													
<b>These results are at the:</b>		Project Level											
<b>Project Development Objective Indicators</b>													
Indicator Name	Core	Unit of Measure	Baseline	Cumulative Target Values						Frequency	Data Source/ Methodology	Responsibility for Data Collection	Comments
				YR1	YR2	YR3	YR4	YR5	YR6				
Volume (mass) of BOD pollution loads removed by the treatment plant supported under the project	✓	Tons/Year	15,285	–	–	–	18,000	18,285	18,485	Annual	Semi-annual reports	RPMUs & CPMU	Quality of services- waste water
Industrial or municipal solid waste recycled in Kharkiv	✓	Tons / year	0			20,000	28,000	30,000	40,000	Annual	Semi-annual reports	RPMU & CPMU	Quality of services- solid waste
Operating Cost Coverage Ratio													
1. Kharkiv VK		Percentage	0.76	0.76	0.78	0.80	0.82	0.84	0.86	Annual	Annual reports	RPMUs & CPMU	Efficiency of services – water, wastewater and solid waste
2. Kharkiv MC			1.18	1.18	1.18	1.20	1.20	1.20	1.20				
3. Kirovograd			0.67	0.67	0.68	0.69	0.72	0.75	0.77				
4. Kramatorsk			0.74	0.74	0.74	0.76	0.78	0.80	0.85				
5. Ternopil			0.92	0.92	0.92	0.92	0.95	0.95	0.97				
6. Zhytomyr			0.78	0.78	0.80	0.82	0.85	0.90	0.95				
Energy efficiency as measured by amount of energy used per m <sup>3</sup> of water		kWh per m <sup>3</sup> of water produced	0.6						TBC	Annual	Annual reports	RPMUs & CPMU	Efficiency of services – water supply

produced or wastewater treated in utilities participating in the project		kWh per m <sup>3</sup> of waste water treated	0.9						TBC	Annual	Annual reports	RPMUs & CPMU	Efficiency services wastewater
Tons of GHG emissions reduced or avoided		Tons/year	0	0	0	0	200,000	350,000	475,392	Annual	Annual reports	RPMUs & CPMU	CTF Indicator

### Intermediate Results Indicators

Indicator Name	Core	Unit of Measure	Baseline	Cumulative Target Values						Frequency	Data Source/ Methodology	Responsibility for Data Collection	Comment
				YR1	YR2	YR3	YR4	YR5	YR6				
Direct project beneficiaries (number)	✓	Number (million)	0	0	0	3.14	4.0	4.3	4.3	Annual	Annual Reports	RPMUs & CPMU	
Direct project beneficiaries who are female	✓	Percentage	0	0	0	50%	50%	50%	50%	Annual	Annual Reports	RPMUs & CPMU	
Customers in Project areas reporting improved water supply services, as measured through score cards (rating 1-5)		Average Rating	TBD in first year					Increase of 20%	Twice (before and after project interventions)	Customer Score Cards	RPMUs & CPMU	Quality of water supply services	Customers in Proj areas reporting improved water supply services, as measured through score cards (rating 1-5)
Piped household water connections affected by <u>rehabilitation</u> works undertaken under the project	✓	Number	0	0	0	450,650	453,650	500,000	555,000	Semi-annual	Semi-annual reports	RPMUs & CPMU	
Industrial and municipal waste disposal capacity created in Kharkiv	✓	Tons/year	0	0	0	200,000	300,000	350,000	400,000	Semi-annual	Semi-annual reports	RPMUs & CPMU	
Utility companies that the project is supporting	✓	Number	0	10	10	10	10	10	10	Semi-annual	Semi-annual reports	RPMUs & CPMU	Component 2 indicator
Number of utility companies implementing recommendations of Utility Performance Improvement Plan		Number	0	4	4	4	6	7	7	Semi-annual	Semi-annual reports	RPMUs & CPMU	Component 2 indicator

Utility companies using benchmarking systems		Number	0	4	4	4	6	7	7	Semi-annual	Semi-annual reports	RPMUs & CPMU	Component 2 indicator
Prepare new design standards for water supply and wastewater		Yes/ No	No	No	No	No	No	Yes	Yes	Semi-annual	Semi-annual reports	RPMUs & CPMU	Component 2 indicator
Energy savings		GWh/yr	0	0	0		235	353	470	Annual	Semi-annual reports	RPMUs & CPMU	CTF Indicator
Electricity Generation		GWh/yr							TBC	Annual	Semi-annual reports	RPMUs & CPMU	CTF Indicator