Supplemental Letter for Grant Agreement

UKRAINE

May 4, 2017

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

Re: Trust Fund Grant No. TF0A4498
Support to Ukrgasgaz PIU under the EC-WB Trust Fund II for Policy Advice to
Ukrainian Gas Sector Reforms and Infrastructural Support to Modernization of the Gas
Transportation System (PPIU)
Performance Monitoring Indicators

Dear Sirs and Mesdames:

With referenced to the provisions of Section II.A of Schedule 2 to the Grant Agreement between
Ukraine (Recipient) and the International Bank for Reconstruction and Development (World Bank) for
the above-referenced Project, the Recipient hereby confirms to the Bank that the indicators set out in the
attachment to this letter shall serve as a basis for the Recipient to monitor and evaluate the progress of
the Project and the achievement of the objectives thereof.

Very truly yours,

UKRAINE

By

Authorized Representative

Attachment
**Support to Ukrtansgaz PIU**
under the EC-WB Trust Fund II for Policy Advice to Ukrainian Gas Sector Reforms and Infrastructural Support to Modernization of the Gas Transportation System

**Performance Monitoring Indicators**

**Project Development Objective (PDO):** The development objective of the proposed grant is to strengthen the capacity of Ukrtansgaz' Project Implementing Unit.

<table>
<thead>
<tr>
<th>PDO Level Results Indicators*</th>
<th>Core</th>
<th>Baseline</th>
<th>Target Values**</th>
<th>Frequency</th>
<th>Data Source/Methodology</th>
<th>Responsibility for Data Collection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicator One: PIU capacity is strengthened</td>
<td></td>
<td>The PIU lacks adequate skills for supervision, monitoring and reporting as per IFIs projects' standards</td>
<td>The implementation skills and capacity of the PIU is strengthened: PIU produces adequate supervision, implementation and monitoring reports that are acceptable to the IFIs</td>
<td>Quarterly</td>
<td>Progress Reports</td>
<td>Ukrtansgaz</td>
</tr>
</tbody>
</table>

**INTERMEDIATE RESULTS**

**Intermediate Result (Component One): Implementation Support**

- **Intermediate Result indicator One:** Project implementation support consultant is on board
  - Project implementation support consultant is not available
    - Project implementation support consultant is hired based on a TOR satisfactory to the Bank
  - Quarterly Progress Reports Ukrtansgaz

**Intermediate Result (Component Two): Audit and Operating Expenses**

- **Intermediate Result indicator One:** Satisfactory audit of the grant is completed
  - Grant audit is not available
    - Auditor contracted based on a TOR satisfactory to the Bank and Audit Report is available
  - Quarterly Progress Reports Ukrtansgaz