

LOAN NUMBER 8549-UA

Loan Agreement

(Road Sector Development Project)

between

UKRAINE

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated *November 19*, 2015

LOAN NUMBER 8549-UA

LOAN AGREEMENT

Agreement dated November 19, 2015, between UKRAINE (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”). The Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

- 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of five hundred and sixty million United States Dollars (\$560,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.08 of this Agreement (“Loan”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The Commitment Charge payable by the Borrower shall be equal to one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.05. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Variable Spread ; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty (30) days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (e) of the General Conditions.
- 2.06. The Payment Dates are February 15 and August 15 in each year.

- 2.07. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.
- 2.08. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to: (A) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; or (B) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread, or vice versa; or (C) all of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and (iii) the setting of limits on the Variable Rate or the Reference Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate or the Reference Rate.
- (b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a “Conversion”, as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.
- (c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.05 (c) of the General Conditions up to the amount allocated from time to time for the purpose in the table in Section IV of Schedule 2 to this Agreement.

ARTICLE III — PROJECT

- 3.01. The Borrower declares its commitment to the objective of the Project. To this end, the Borrower shall cause the Project to be carried out by the Project Implementing Entity in accordance with the provisions of Article V of the General Conditions and the Project Agreement.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE BANK

- 4.01. The Additional Event of Suspension consists of the following, namely that the Project Implementing Entity's Governing Act has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely (in the opinion of the Bank) the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.
- 4.02. The Additional Event of Acceleration consists of the following, namely that the event specified in Section 4.01 of this Agreement occurs.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
 - (a) The Subsidiary Agreement has been executed on behalf of the Borrower, through the MOF, and the Project Implementing Entity.
 - (b) The Project Operations Manual, satisfactory to the Bank, has been approved and adopted by the Project Implementing Entity.
 - (c) The Ministerial Order has been issued.
 - (d) The Project Implementing Entity's has appointed a PIU under a contract with terms satisfactory to the Bank, with adequate staff, including an additional social and environmental specialist, as provided in Section I.A.2 of Schedule 2 to this Agreement.
- 5.02. The Additional Legal Matter consists of the following: that the Subsidiary Agreement has been duly authorized by the Borrower, through the MOF, and the Project Implementing Entity and is legally binding upon the Borrower and the Project Implementing Entity in accordance with its terms.
- 5.03. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 5.04. Any amendment to this Agreement shall be executed by agreement of the parties hereto in accordance with the provisions of Section 10.02 of the General Conditions. Such amendment shall become effective as set forth in the amending agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Borrower's Representative is its Minister of Finance.

6.02. The Borrower's Address is:

Ministry of Finance
12/2 Hrushevsky St.
Kyiv, 01008
Ukraine

Facsimile:

(380-44) 425-90-26
(380-44) 277-54-82

6.03. The Bank's Address is:

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

Cable address:

Telex:

Facsimile:

INTBAFRAD
Washington, D.C.

248423(MCI) or
64145(MCI)

1-202-477-6391

AGREED at Kyiv, Ukraine as of the day and year first above written.

UKRAINE

By



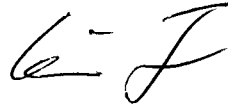
Authorized Representative

Name: Volodymyr Shulmeister

Title: First Deputy Minister
of Infrastructure of Ukraine

INTERNATIONAL BANK FOR
RECONSTRUCTION AND
DEVELOPMENT

By



Authorized Representative

Name: Guizhao Fan

Title: Country Director for
Belarus, Moldova and
Ukraine

SCHEDULE 1

Project Description

The objective of the Project is to improve transport connectivity, maintenance operations and road safety for road users on selected sections of the national roads network and improve road network management in Ukraine.

The Project consists of the following parts:

Part 1: Road Rehabilitation and Safety Improvement

Rehabilitation and safety improvement of selected sections of the M03 highway, including road infrastructure such as bridges, interchanges and bypasses, site supervision of all civil works, acquisition of equipment, and financing the cost of any land acquisition and resettlement necessary for execution of the foregoing works.

Part 2: Maintenance of Core National Road Corridors

Maintenance of selected sections of core national road corridors, including road infrastructure, such as bridges, interchanges and bypasses, improvements for road safety, design and site supervision of all civil works.

Part 3: Network Management and Development

3.1 Preparation and implementation of an integrated road safety and network management system including a system for tolling, weigh-in-motion system for axle load control and automatic speed enforcement cameras through, *inter alia*: (a) support in the preparation of relevant legislation, regulatory framework, and implementation of recommendations from the Road Safety Capacity Review; (b) support for conducting awareness campaigns and public consultations regarding such system; (c) the preparation of feasibility studies and functional specifications for the systems including plans for a first phase of system implementation; (d) the acquisition and installation of required equipment; (e) capacity building activities for key stakeholders in operating and managing the new systems; (f) support for the preparation of concession documents for an operator to finance, install and operate the national tolling system; and (g) the provision of technical assistance for evaluation of procurement processes, supervision of installation and monitoring of initial stages of operations and results under the system.

3.2 Provision of institutional capacity building support for maintenance management, through, *inter alia*: (a) support for data collection, planning, design, safety audits and management support to ensure effective implementation of prioritized maintenance plans and performance-based road contracts; and (b) capacity building to facilitate implementation: of reforms in the maintenance industry, improved systems and capacity building to monitor the implementation and impact of said reforms.

3.3 Provision of support for the preparation of feasibility studies, detailed design and bidding documents and associated social and environmental safeguards documents and

instruments in compliance with the Bank's Safeguards Policies for selected priority road improvement schemes including, sections of the Lviv to Kherson road.

3.4 Provision of Project management and implementation support including, *inter alia*, the carrying out of technical audits, safety audits, financial audits, and of design reviews, all through provision of technical assistance required therefor and the financing of Incremental Operating Costs.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Borrower shall: (a) ensure that the Project Implementing Entity carries out the Project with due diligence and efficiency, and in accordance with the policies and procedures set forth in the Project Operations Manual; and (b) not amend, suspend, abrogate, repeal or waive any provision of the Project Operations Manual without consultation with, and the prior consent of, the Bank.
2. The Borrower shall cause the Project Implementing Entity to appoint, and thereafter maintain, a PIU throughout the duration of the Project under a contract with terms satisfactory to the Bank, such PIU to be in a form and with functions, adequate staffing including, an additional social and environmental specialist (under terms of reference, qualifications and scope of responsibilities) and resources, all satisfactory to the Bank and as further set forth in the Project Operations Manual.
3. The Borrower shall maintain, throughout Project implementation, the Working Group for the coordination of collaboration and roles of various stakeholders for implementation of Part 3.1 of the Project, in accordance with the provisions of the Ministerial Order.

B. Subsidiary Agreement

1. To facilitate the carrying out of the Project Implementing Entity's implementation of the Project, the Borrower, through the MOF, shall make the Loan proceeds available to the Project Implementing Entity under a Subsidiary Agreement between the Borrower, through the MOF, and the Project Implementing Entity, under terms and conditions approved by the Bank which shall include, *inter alia*, provisions stating that the Project Implementing Entity shall: (a) be responsible for the overall day-to-day implementation and management of the Project; and (b) carry out the Project in accordance with the Project Operations Manual, and the pertinent provisions of this Agreement, including the ESMF, any Environmental Management Plan, the Resettlement Policy Framework, any Resettlement Action Plan and the Anti-Corruption Guidelines.
2. To facilitate the financing of Land Acquisition and Resettlement Costs, the Borrower, through MOF, shall ensure that the Subsidiary Agreement incorporates terms and conditions acceptable to the Bank, including, that:
 - (a) The Project Implementing Entity shall undertake to enter into a Rayon Contract with each Rayon concerned, to cause the Rayon in whose territory Involuntary Resettlement will occur, to undertake to carry out the following:

- (i) comply with the provisions of the applicable Resettlement Action Plan(s) relating to land for which Land Acquisition and Resettlement Costs are being financed using the proceeds of the Loan;
 - (ii) ensure that prior to commencing any works in the territory of any given Rayon, compensation has been made in full to the Project Affected Persons;
 - (iii) utilize the proceeds of the Loan only for Land Acquisition and Resettlement Costs;
 - (iv) comply with the Anti-Corruption Guidelines; and
 - (v) transfer the right of use of the land for which Land Acquisition and Resettlement Costs are being financed to the Project Implementing Entity.
- (b) The Project Implementing Entity shall undertake:
- (i) to ensure that the provisions in subparagraph (a)(i) through (a)(v) above are carried out prior to commencing any works; and
 - (ii) not to assign, amend, abrogate or waive any of the Rayon Contracts or any of their provisions.
3. The Borrower, through the MOF, shall:
- (a) exercise its rights under the Subsidiary Agreement; and
 - (b) cause the Project Implementing Entity to exercise its rights under each Rayon Contract, all in such manner as to protect the interests of the Borrower, the Project Implementing Entity and the Bank (as the case may be) and to accomplish the purposes of the Project. Except as the Bank shall otherwise agree, the Borrower, through the MOF, shall not assign, amend, abrogate, terminate, waive or fail to enforce the Subsidiary Agreement or any of its provisions.

C. Anti-Corruption

The Borrower shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

D. Safeguards

Environmental Safeguards

1. (a) The Borrower shall ensure, and cause the Project Implementing Entity to ensure, that: (i) the Project is carried out in accordance with the ESMF,

RPF and any Environmental Management Plan and Resettlement Action Plan; (ii) all measures necessary for the carrying out of said instruments shall be taken in a timely manner; (iii) all legal and administrative planning and environmental permits and authorizations necessary to carry out the Project are secured in a timely manner and with due diligence; and (iv) adequate information on the implementation of said measures is suitably included in the Project Reports.

- (b) The Borrower shall ensure, and cause the Project Implementing Entity to ensure, that no provision of the ESMF, RPF and/ or any Environmental Management Plan and/ or any Resettlement Action Plan is amended, suspended, abrogated, repealed or waived without prior written approval of the Bank.
- (c) The Borrower shall ensure that the social and environmental safeguards documents and instruments referred to under Part 3.3 of the Project comply with the applicable Bank's Safeguards Policies.

Land Acquisition and Resettlement

- 2. In the event that Involuntary Resettlement is required for the purposes of carrying out activities under the Project, the Borrower shall:
 - (a) notify the Bank or ensure that the Project Implementing Entity notifies the Bank, of any intended Involuntary Resettlement, and of each Resettlement Action Plan (if any) prepared in accordance with the Resettlement Policy Framework;
 - (b) disclose, or ensure that the Project Implementing Entity discloses, each Resettlement Action Plan (if any) prepared under the Project and all relevant information relating thereto in a manner satisfactory to the Bank no less than sixty (60) days prior to carrying out any Involuntary Resettlement; and
 - (c) ensure that the Project Implementing Entity causes all Involuntary Resettlement under the Project to be undertaken in accordance with the provisions and procedures contained in the Resettlement Policy Framework and the respective Resettlement Action Plan(s), including adequate and meaningful consultations with Project Affected Persons, and that all relevant information is adequately provided to all Project Affected Persons, and potential Project Affected Persons, in a timely and adequate manner (in the opinion of the Bank).

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

- 1. The Borrower shall ensure that the Project Implementing Entity monitors and evaluates the progress of the Project and prepares Project Reports in accordance

with the provisions of Section 5.08 of the General Conditions and on the basis of indicators acceptable to the Bank. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Bank not later than forty-five (45) days after the end of the period covered by each such report.

B. Mid-term Review

1. Not later than September 30, 2018, the Borrower, through the Ministry of Economic Development and Trade shall jointly with the Project Implementing Entity and the Bank carry out a mid-term review of the progress made in carrying out the Project ("Mid-term Review") including, but not limited to, the following subjects:
 - (a) the progress made in meeting the Project's objective;
 - (b) the overall Project performance evaluated against Project performance indicators; and
 - (c) the Mid-Term Report (as defined in Section B.2 below).
2. The Borrower shall ensure that, at least three (3) months prior to the Mid-term Review, the Project Implementing Entity prepares, and furnishes to the Bank, a separate report describing the status of implementation of each component of the Project and a summary report of Project implementation generally ("Mid-term Report").

C. Financial Management, Financial Reports and Audits

1. The Borrower shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Borrower shall prepare and furnish to the Bank not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the pertinent quarter, in form and substance satisfactory to the Bank.
3. The Borrower shall have its Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. **Goods, Works and Non-consulting Services.** All goods, works and non-consulting services required for the Project and to be financed out of the proceeds

of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.

3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding subject to the additional provisions set forth in the Annex to this Schedule 2; (b) Shopping; and (c) Direct Contracting.

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants' Qualifications; (e) Single-source Selection of consulting firms; (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (g) Single-source procedures for the Selection of Individual Consultants.

D. Review by the Bank of Procurement Decisions

1. The Procurement Plan shall set forth those contracts which shall be subject to the Bank's Prior Review. All other contracts shall be subject to Post Review by the Bank.
2. The Borrower shall ensure that the Project Implementing Entity:
 - (a) no later than December 31 of every year during the implementation of the Project, beginning on December 31, 2016, prepare and furnish to the Bank a procurement progress report ("Procurement Progress Report"), in form and substance acceptable to the Bank, which shall include, *inter alia*: (i) a description of issues arising during the full procurement cycle under the Project for that year, from design through planning, bidding, contract implementation and completion; (ii) a list of proposed measures and actions to be taken to resolve the issues identified under (i) above; and (iii) a proposed timeline for the implementation of the said measures and actions; and
 - (b) no later than January 31 of every year during the implementation of the Project, beginning on January 31, 2017, exchange views with the Bank on the results of the Procurement Progress Report completed for the Borrower's previous calendar year and thereafter implement, or cause to be implemented, such recommended measures, as agreed with the Bank.

Section IV. Withdrawal of Loan Proceeds

A. General

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan ("Category"), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consultants' services, Training and Incremental Operating Costs	556,100,000	100%
(2) Land Acquisition and Resettlement Costs	2,500,000	100%
(3) Front-end Fee	1,400,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
(4) Interest Rate Cap or Interest Rate Collar premium	0	Amount due pursuant to Section 2.08(c) of this Agreement
TOTAL AMOUNT	<u>560,000,000</u>	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

- (a) for payments made prior to the date of this Agreement; or
- (b) payments made for expenditures under Category (1) in respect of any works under the Project which involve Involuntary Resettlement, until the Borrower has provided evidence, satisfactory to the Bank, that the Resettlement Action Plan has been carried out in accordance with its terms and in a manner satisfactory to the Bank; and
- (c) payments made for expenditures under Category (2) in respect of any works under the Project which involve Involuntary Resettlement until the Rayon Contract has been signed by the parties thereto.

2. The Closing Date is December 31, 2021.

**ANNEX
to
SCHEDULE 2**

**Mandatory Provisions for Procurement under
Bank-Financed Contracts Subject to National Competitive Bidding**

The procedure to be followed for National Competitive Bidding (“NCB”) shall be the Open Tender Procedure set forth in the Law on Public Procurement No. 1197-VII, dated April 10, 2014 (the PPL), provided, however, that such procedure shall be subject to the provisions of Section I and Paragraphs 3.3 and 3.4 of the Procurement Guidelines and the following additional provisions:

- (i) Bidding Documents, acceptable to the Bank, shall be used.
- (ii) The eligibility of bidders to participate in a procurement process and to be awarded a Bank-financed contract shall be as defined under Section I of the Procurement Guidelines; accordingly, no bidder or potential bidder shall be declared ineligible for contracts financed by the Bank for reasons other than those provided in Section I of the Procurement Guidelines.
- (iii) After the public opening of the bids, information relating to the examination, clarification, and evaluation of bids and recommendations concerning awards shall not be disclosed to bidders or other persons not officially concerned with this process until the publication of the contract award notice.
- (iv) Qualification criteria shall be clearly specified in the bidding documents. Qualification shall be assessed on a “pass or fail” basis, and merit points shall not be used. Such assessment shall be based entirely upon the bidder’s or prospective bidder’s capability and resources to effectively perform the contract, taking into account objective and measurable factors, including: (i) relevant general and specific experience, and satisfactory past performance and successful completion of similar contracts over a given period; (ii) financial position; and where relevant; (iii) capability of construction and/or manufacturing facilities. The availability of equipment, material and technical basis, including owning production facilities and/or service centers within the territory of Ukraine shall not be required as part of qualification requirements.
- (v) Government-owned enterprises are eligible to bid only if they (i) are legally and financially autonomous, (ii) operate under commercial law, and (iii) are not dependent agencies of Borrower or Sub-Borrower.
- (vi) Evaluation of bids shall be made in strict adherence to the evaluation criteria specified in the bidding documents. Evaluation criteria other than price shall be quantified in monetary terms. Merit points shall not be used, and no minimum point or percentage value shall be assigned to the significance of price, in bid evaluation.

- (vii) If required, bid security amount shall not exceed two percent (2%) of the estimated cost of the contract.
- (viii) No advance payments shall be made to contractors/suppliers without a suitable advance payment security.
- (ix) No domestic preference shall be granted in bid evaluation on the basis of bidder nationality, origin of goods or services, and/or preferential programs. Contracts shall be awarded to the qualified bidder whose bid has been determined: (i) to be substantially responsive to the bidding documents, and (ii) to offer the lowest-evaluated cost. A bidder shall not be eliminated from detailed evaluation on the basis of minor, non-substantial deviations.
- (x) No bid shall be rejected on the basis of a comparison with the employer's estimate or budget allocation ceiling without the Bank's prior concurrence.
- (xi) All bids (including in the case when less than two bids are received) shall not be rejected, the procurement process shall not be cancelled, and new bids shall not be solicited without the Bank's prior concurrence.
- (xii) Restrictions to the contract amendments, as contemplated under Article 40 of the PPL will not apply. With respect to contracts subject to the Bank's prior review, the Borrower shall obtain the Bank's no objection before agreeing to: (a) a material extension of the stipulated time for performance of a contract; (b) any substantial modification of the scope of services or other significant changes to the terms and conditions of the contract; (c) any variation order or amendment which, singly or combined with all variation orders or amendments previously issued, increases the original contract amount by more than 15 percent; or (d) the proposed termination of the contract. A copy of all contract amendments shall be provided to the Bank.
- (xiii) The bidding document and contract as deemed acceptable by the Bank shall include provisions stating the Bank's policy to sanction firms or individuals, found to have engaged in fraud and corruption as defined in the Procurement Guidelines.
- (xiv) In accordance with the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Bank financing shall provide that bidders, suppliers, contractors and their subcontractors, agents, personnel, consultants, service providers, or suppliers to permit the Bank to inspect all accounts, records and other documents relating to the bid submission and performance of the contract and to have said accounts and records audited by auditors appointed by the Bank. Acts intended to materially impede the exercise of the Bank's inspection and audit rights provided for in the Procurement Guidelines constitute an obstructive practice as defined in the Guidelines.

SCHEDULE 3

Amortization Schedule

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (“Installment Share”). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

Principal Payment Date	Installment Share (Expressed as a Percentage)
On each February 15 and August 15 Beginning February 15, 2022 through February 15, 2032	4.55%
On August 15, 2032	4.45%

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:
- (a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.
 - (b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (“Original Installment Share”) and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.
3. (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal

Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

- (b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.
- 4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.
- 5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

APPENDIX

Section I. Definitions

1. "Anti-Corruption Guidelines" means the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011.
2. "Bank's Safeguards Policies" means the Bank's operational policies and procedures, set forth in the Bank's operational manual and identified as OP/BP 4.01, 4.04, 4.09, 4.10, 4.11, 4.12, 4.36, 4.37, 7.50 and 7.60, as said manual is published under www.WorldBank.org/opmanual.
3. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. "Consultant Guidelines" means the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014).
5. "Environmental Management Plan" or "EMP" means, individually, the environmental management plan for the section km 341-345 of Lot 3.2 dated August 3, 2015, the environmental management plan for Lot 3.5 dated August 3, 2015, as incorporated on the environmental impact assessments for the Project, and each other site-specific environmental management plan to be prepared in accordance with the provisions of the ESMF, acceptable to the Bank, and giving details of specific actions and setting forth the mitigating, monitoring and institutional measures to be taken during the implementation and operation of the Project to offset or reduce adverse environmental impacts to levels acceptable to the Bank, including the budget and cost estimates, and sources of funding, along with the institutional and procedural measures needed to implement such actions, measures and policies and the parties responsible for executing works and monitoring of construction and operational impacts.
6. "ESMF" means the Borrower's Environmental Management Framework dated August 3, 2015, for the Project, and disclosed through the Bank's Infoshop on July 13, 2015, and on the Project Implementing Entity's website on August 3, 2015, which framework sets forth, *inter alia*, the modalities for site-specific environmental screening and procedures/actions for the preparation and implementation of environmental assessments and EMPs under the Project, the set of mitigation, monitoring, and institutional measures and procedures required in order to eliminate adverse environmental and social impacts, offset them, or reduce them to acceptable levels, as well as actions needed to implement said measures, as the same may be amended from time to time with the agreement of the Bank.
7. "General Conditions" means the "International Bank for Reconstruction and Development General Conditions for Loans", dated March 12, 2012, with the modifications set forth in Section II of this Appendix.

8. “Incremental Operating Costs” means reasonable incremental expenses incurred on account of Project implementation, management and monitoring, including office supplies, office rental, publication of procurement notices, vehicle operation and maintenance, office and equipment maintenance and repair, communication, translation and interpretation, travel and supervision costs, subscription to publications and databases, and other miscellaneous costs directly associated with the Project (as approved by the Bank), but excluding salaries of officials and employees of the Project Implementing Entity, the PIU and the Borrower’s civil service system.
9. “Involuntary Resettlement” means the impact of an involuntary taking of land under the Project, which taking causes Project Affected Persons to among others have their:
 - (a) standard of living adversely affected; or
 - (b) right, title or interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; or
 - (c) access to productive assets adversely affected, temporarily or permanently; or
 - (d) business, occupation, work or place of residence or habitat adversely affected, temporarily or permanently.
10. “Land Acquisition and Resettlement Costs” means the cash compensation to be paid by the Borrower to Project Affected Persons in accordance with the provisions of the Resettlement Action Plan(s) for Involuntary Resettlement of Project Affected Persons necessary for the implementation of the Project.
11. “Ministerial Order” means the Borrower’s ministerial order, satisfactory to the Bank, which provides for cooperation of stakeholders of the Working Group, sets out the roles of the stakeholders involved in carrying out Part 3.1 of the Project and gives powers to the stakeholders according to set procedures.
12. “Ministry of Economic Development and Trade” means the Borrower’s central executive body that operates under the Provision on the Ministry of Economic Development and Trade, approved by the Cabinet of Ministers’ of Ukraine Decree № 459 dated August 20, 2014, or its legal successor.
13. “Ministry of Finance” or “MOF” means the Borrower’s central executive body that operates under the Provision on the Ministry of Finance of Ukraine, approved by the by the Cabinet of Ministers’ of Ukraine Decree № 375 dated August 20, 2014, or its legal successor.
14. “PIU” means the entity referred to in Section I.A.2 of Schedule 2 to this Agreement, or any successor thereto, acceptable to the Bank.

15. "Procurement Guidelines" means the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014).
16. "Procurement Plan" means the Borrower's procurement plan for the Project, dated September 30, 2015, and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
17. "Project Affected Persons" means persons who, on account of the execution of the Project, have been, or will be affected, by Involuntary Resettlement.
18. "Project Implementing Entity" means the Borrower's State Road Agency of Ukraine (Ukravtodor), which is the Borrower's central executive body that operates under the Provision on the State Road Agency of Ukraine, approved by the Cabinet of Ministers' of Ukraine Decree № 439 dated September 10, 2014, or its legal successor.
19. "Project Implementing Entity's Governing Act" means the Provision on the State Road Agency of Ukraine, approved by the Cabinet of Ministers' of Ukraine Decree № 439 dated September 10, 2014.
20. "Project Operations Manual" or "POM" means the manual prepared by the Project Implementing Entity referred to in Section I.A.1 of Schedule 2 to his Agreement, for use in Project implementation, and which includes fiduciary, financial management, procurement, safeguards, anti-corruption, monitoring and reporting, and auditing provisions, as such manual may be amended from time to time with the agreement of the Bank.
21. "Rayons" means, collectively, any Regional State Administration or corresponding body having local self-governance, which exercises territorial/administrative jurisdiction with respect to any given Project activity under Part 1 of the Project, agreed between the Borrower and the Bank; and "Rayon" means, individually, any of the Rayons.
22. "Rayon Contract" means any contract referred to in Section I.B.2 of Schedule 2 to this Agreement.
23. "Resettlement Action Plan" or "RAP" means each site-specific plan relating to Involuntary Resettlement of Project Affected Persons, prepared under the Project in accordance with the provisions of Section I.D.2 of Schedule 2 to this Agreement.
24. "Resettlement Policy Framework" or "RPF" means the framework document prepared by the Project Implementing Entity dated June 2015, and disclosed through the Bank's Infoshop on Bank and on the Project Implementing Entity's website on July 16, 2015, which framework describes the process and procedures to be taken, the RAPs to be prepared, and the mitigation and compensation measures, and consultation and information processes to be followed in the event of Involuntary Resettlement of Project Affected Persons as a result of

implementation of the Project, as the same may be amended from time to time with the agreement of the Bank.

25. "Road Safety Capacity Review" means the road safety capacity review carried out under the Global Road Safety Fund (GRSF) grant to the Borrower for 'Review of Road Safety Management Capacity in Ukraine' (TF019013).
26. "Road Sector Development Project" means the title of the Project, which was initiated by the Borrower as the "Third Road and Safety Improvement Project in Ukraine", in accordance with the Order No. 721/2015-rp of the President of the Borrower dated September 29, 2015 authorizing the Project negotiations and signing.
27. "Subsidiary Agreement" means the agreement referred to in Section I.B.1 of Schedule 2 to this Agreement pursuant to which the Borrower shall make the proceeds of the Loan available to the Project Implementing Entity.
28. "Training" means Project-related training, and includes Project related study tours, training courses, seminars, workshops and other training activities, not included under service providers' contracts, including costs of training materials, space and equipment rental, reasonable and necessary local and international travel by participants in training activities, reasonable lodging and accommodation, subsistence and local and international per diem of trainees and trainers, registration, tuition and facilitators' fees, translation and interpretation, and other training related miscellaneous costs, all based on budgets acceptable to the Bank.
29. "Working Group" means a stakeholder working group for implementation of Part 3.1 of the Project, consisting of such stakeholders as set forth in the POM and Ministerial Order, satisfactory to the Bank.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. In the **Table of Contents**, the references to Sections, Section names and Section numbers are modified to reflect the modifications set forth in the paragraphs below.
2. Section 3.01. (*Front-end Fee*) is modified to read as follows:

"Section 3.01. *Front-end Fee; Commitment Charge*

- (a) The Borrower shall pay the Bank a front-end fee on the Loan amount at the rate specified in the Loan Agreement (the "Front-end Fee").
- (b) The Borrower shall pay the Bank a commitment charge on the Unwithdrawn Loan Balance at the rate specified in the Loan Agreement (the "Commitment Charge"). The Commitment Charge shall accrue from a date sixty days after the date of the Loan Agreement to the respective dates on which amounts are withdrawn by the Borrower from the Loan Account or cancelled. The

Commitment Charge shall be payable semi-annually in arrears on each Payment Date.”

3. In the Appendix, **Definitions**, all relevant references to Section numbers and paragraphs are modified, as necessary, to reflect the modification set forth in paragraph 2 above.
4. The Appendix is modified by inserting a new paragraph 19 with the following definition of “Commitment Charge”, and renumbering the subsequent paragraphs accordingly:

“19. “Commitment Charge” means the commitment charge specified in the Loan Agreement for the purpose of Section 3.01(b).”
5. In the renumbered paragraph 49 (originally paragraph 48) of the Appendix, the definition of “Front-end Fee” is modified by replacing the reference to Section 3.01 with Section 3.01 (a).
6. In the renumbered paragraph 68 (originally paragraph 67) of the Appendix, the definition of the term “Loan Payment” is modified to read as follows:

“68. “Loan Payment” means any amount payable by the Loan Parties to the Bank pursuant to the Legal Agreements or these General Conditions, including (but not limited to) any amount of the Withdrawn Loan Balance, interest, the Front-end Fee, the Commitment Charge, interest at the Default Interest Rate (if any), any prepayment premium, any transaction fee for a Conversion or early termination of a Conversion, the Variable Spread Fixing Charge (if any), any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by the Borrower.”
7. In the renumbered paragraph 73 (originally paragraph 72) of the Appendix, the definition of “Payment Date” is modified by deleting the word “is” and inserting the words “and Commitment Charge are” after the word “interest”.