

OFFICIAL
DOCUMENTS

LOAN NUMBER 8549-UA

Project Agreement

(Road Sector Development Project)

between

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

and

STATE ROAD AGENCY OF UKRAINE
UKRAVTODOR

Dated *November 19*, 2015

PROJECT AGREEMENT

Agreement dated *November 19*, 2015, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) and STATE ROAD AGENCY OF UKRAINE (“Ukravtodor” or “Project Implementing Entity”) (“Project Agreement”) in connection with the Loan Agreement (“Loan Agreement”) of same date between Ukraine (“Borrower”) and the Bank. The Bank and the Project Implementing Entity hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to the Loan 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 Loan Agreement or the General Conditions.

ARTICLE II — PROJECT

- 2.01. The Project Implementing Entity declares its commitment to the objective of the Project. To this end, the Project Implementing Entity shall carry out the Project in accordance with the provisions of Article V of the General Conditions, and shall provide promptly as needed, the funds, facilities, services and other resources required for the Project.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Bank and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — REPRESENTATIVE; ADDRESSES

- 3.01. The Project Implementing Entity’s Representative is its Deputy Head.
- 3.02. The Bank’s Address is:

International Bank for Reconstruction and Development
1818 H Street, NW
Washington, DC 20433
United States of America

Cable:	Telex:	Facsimile:
INTBAFRAD Washington, D.C.	248423(MCI) or 64145(MCI)	1-202-477-6391

3.03. The Project Implementing Entity's Address is:

Ukravtodor
9 Fizkultury Street
03680 MSP, Kyiv
Ukraine

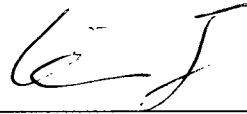
Facsimile:

+380 44 287 4218

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

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By



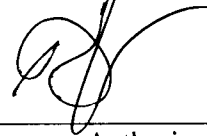
Authorized Representative

Name: Gimiad Fan

Title: Country Director for
Belarus, Moldova and Ukraine

STATE ROAD AGENCY OF UKRAINE
UKRAVTODOR

By



Authorized Representative

Name: Yevhenii Barakh

Title: First Deputy Head
of State Road Agency of
Ukraine

SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Project Implementing Entity shall: (a) without limitation to the provisions of Section 2.01 of this Agreement carry 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 Project Implementing Entity shall 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.

B. Subsidiary Agreement

1. To facilitate the carrying out of the Project, the Project Implementing Entity shall enter into 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: (a) the proceeds of the Loan shall be made available to the Project Implementing Entity; (b) the Project Implementing Entity shall be responsible for the oversight and overall day-to-day implementation and management of the Project; and (c) the Project Implementing Entity shall 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 Subsidiary Agreement shall incorporate 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 Project Implementing Entity shall exercise its rights under the Subsidiary Agreement and each Rayon Contract 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 Project Implementing Entity shall not assign, amend, abrogate, terminate, waive or fail to enforce the Subsidiary Agreement or any of the Rayon Contracts or any of their provisions.

C. Anti-Corruption

The Project Implementing Entity 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 Project Implementing Entity shall: (i) carry out the Project in accordance with the ESMF, RPF and any Environmental Management Plan and Resettlement Action Plan; (ii) take all measures necessary for the carrying out of said instruments in a timely manner, secure all legal and administrative planning and environmental permits and authorizations necessary to carry out the Project in a timely manner and with due diligence; and (iii) include adequate information on the implementation of said measures in the Project Reports.
- (b) The Project Implementing Entity shall not amend, suspend, abrogate, repeal or waive any provision of the ESMF, RPF and/ or any Environmental Management Plan and/ or any Resettlement Action Plan without prior written approval of the Bank.
- (c) The Project Implementing Entity 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 Project Implementing Entity shall:
 - (a) notify the Bank of any intended Involuntary Resettlement;
 - (b) prepare, in accordance with the Resettlement Policy Framework, a Resettlement Action Plan, as necessary and appropriate, for any Involuntary Resettlement required under the Project;
 - (b) disclose 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;
 - (c) ensure that all and any resulting Involuntary Resettlement under the Project shall 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, necessary and desirable 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 Project Implementing Entity shall monitor and evaluate the progress of the Project and prepare Project Reports in respect of the Project in accordance with the provisions of Section 5.08(b) of the General Conditions and on the basis of indicators acceptable to the Bank. Each such Project Report shall cover the period of one (1) calendar quarter, and shall be furnished to the Borrower not later than one (1) month after the end of the period covered by each such report.
2. The Project Implementing Entity shall provide to the Borrower not later than five (5) months after the Closing Date of the Project, for incorporation in the report referred to in Section 5.08(c) of the General Conditions, all such information as the Borrower or the Bank shall reasonably request for the purposes of that Section.

B. Mid-term Review

1. Not later than September 30, 2018, the Project Implementing Entity shall jointly with the Borrower's Ministry of Economic Development and Trade and the Bank, carry out a midterm 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 objectives; and

- (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 Project Implementing Entity shall prepare, and at least three (3) months prior to the Mid-term Review, furnish 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 Project Implementing Entity shall maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, in a manner adequate to reflect the operations, resources and expenditures related to the Project.
- 2 Without limitation on the provisions of Part A of this Section, the Project Implementing Entity 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 quarter, in form and substance satisfactory to the Bank.
3. The Project Implementing Entity shall have its financial statements referred to above audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank. Each audit of these financial statements shall cover the period of one fiscal year of the Project Implementing Entity. The Project Implementing Entity shall ensure that the audited financial statements for each period shall be: (a) furnished to the Borrower and the Bank not later than five (5) months after the end of the period; and (b) made publicly available in a timely fashion and in a manner acceptable to the Bank

Section III. Procurement

All goods, works and services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the provisions of Section III of Schedule 2 to the Loan Agreement.