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DOCUMENTS

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LOAN NUMBER 9670-UA  
LOAN NUMBER 9669-UA

# Loan Agreement

(Growth Foundations Development Policy Loan)

between

UKRAINE

and

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

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## LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between UKRAINE ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Bank has decided to provide this financing on the basis, *inter alia*, of: (i) the actions which the Borrower has already taken under the Program and which are described in Section I of Schedule 1 to this Agreement; (ii) the action to be taken under the Program as referred to in Section 5.01(b) of this Agreement; and (iii) the Borrower's maintenance of an adequate macroeconomic policy framework. The Borrower and the Bank therefore hereby agree as follows:

### ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form 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 the amount of one billion five hundred million Dollars (1,500,000,000) consisting of the following and collectively the ("Loan"):
  - (a) the amount of nine hundred eighty-three million and eight hundred twenty-five thousand Dollars (\$983,825,000) ("Loan A"); and
  - (b) the amount of five hundred sixteen million and one hundred seventy-five thousand Dollars (\$516,175,000) ("Loan B").
- 2.02.
  - (a) Loan A is to be supported by and is subject to the Credit Enhancement denominated in the Loan Currency.
  - (b) Loan B is to be guaranteed by and is subject to the UK Guarantee denominated in the Loan Currency.
  - (c) Accordingly, Currency Conversion shall not be permitted in respect of this Loan, and the provisions of the General Conditions relating to Currency Conversion, including the provisions of Article IV (as applicable), shall not apply to this Loan.
- 2.03. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.

- 2.04. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.05. The interest rate is the Reference Rate plus the Variable Spread or such rate as may apply following a Conversion; subject to 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 Schedule 2 to this Agreement.
- 2.08. Without limitation upon the provisions of Section 5.05 of the General Conditions, the Borrower shall promptly furnish to the Bank such information relating to the provisions of this Article II as the Bank may, from time to time, reasonably request.

#### **ARTICLE III — PROGRAM**

- 3.01. The Borrower declares its commitment to the Program and its implementation. To this end, and further to Section 5.05 of the General Conditions:
  - (a) the Borrower and the Bank shall from time to time, at the request of either party, exchange views on the Borrower's macroeconomic policy framework and the progress achieved in carrying out the Program, including the action specified in Section 5.01(b) of this Agreement;
  - (b) prior to each such exchange of views, the Borrower shall furnish to the Bank for its review and comment a report on the progress achieved in carrying out the Program, including the action specified in Section 5.01(b) of this Agreement, in such detail as the Bank shall reasonably request; and
  - (c) without limitation upon paragraph (a) and (b) of this Section, the Borrower shall promptly inform the Bank of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program including any action specified in Section I of Schedule 1 to this Agreement or in Section 5.01(b) of this Agreement.

#### **ARTICLE IV — REMEDIES OF THE BANK**

- 4.01. The Additional Event of Suspension consists of the following, namely that a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.
- 4.02. The Additional Event of Acceleration consists of the following, namely that the event specified in Section 4.01 of this Agreement occurs and is continuing for a

period of sixty (60) days after notice of the event has been given by the Bank to the Borrower.

- 4.03. In addition to events specified in Section 7.03 of the General Conditions, the Bank reserves the right to cancel Loan B to be guaranteed by the UK Guarantee, if, upon consultations with the UK Guarantor and the Borrower, the Bank determines that the UK Guarantee Agreement will not be signed in a reasonable amount of time.

#### **ARTICLE V — EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) The Bank is satisfied with the progress achieved by the Borrower in carrying out the Program and with the adequacy of the Borrower's macroeconomic policy framework.
  - (b) The Borrower has enacted a law strengthening the independence and institutional capacity of the NSSMC in accordance with the IOSCO Principles.
- 5.02. The Effectiveness Deadline is the date sixty (60) days after the Signature Date.
- 5.03. Without limitation to Section 10.02(b) of the General Conditions, any modification to this Agreement shall be executed by written instrument agreed by the parties hereto. 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. For purposes of Section 10.01 of the General Conditions:

- (a) the Borrower's address is:

Ministry of Finance of Ukraine  
12/2 M. Hrushevskoho Str.,  
Kyiv, 01008  
Ukraine; and

- (b) the Borrower's Electronic Address is:

Facsimile:  
+38 (044) 425-90-26

E-mail:  
[infomf@minfin.gov.ua](mailto:infomf@minfin.gov.ua)

6.03. For purposes of Section 10.01 of the General Conditions:

(a) the Bank's address is:

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

(b) the Bank's Electronic Address is:

Telex:	Facsimile:	E-mail:
248423(MCI) or 64145(MCI)	1-202-477-6391	<a href="mailto:abanerji@worldbank.org">abanerji@worldbank.org</a>

AGREED as of the Signature Date.

UKRAINE

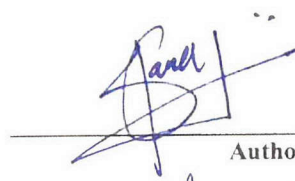
By



Authorized Representative  
Name: Sergii Marchenko  
Title: Minister of Finance  
Date: March 26, 2024

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By



Authorized Representative  
Name: Arup Banerji  
Title: Regional Country Director  
Date: March 26, 2024

## SCHEDULE 1

### Program Actions: Availability of Loan Proceeds

#### Section I. Actions under the Program

The actions taken by the Borrower under the Program include the following:

1. To reduce the distortionary impact of SOEs on competition and advance their commercialization, the Borrower has strengthened the accountability and independence of SOE supervisory boards, as evidenced through Law #3587-IX dated February 22, 2024, and published in the Official Gazette on March 7, 2024.
2. To promote renewable energy generation, the Borrower has replaced the fixed feed-in tariff with a transparent auction-based incentive mechanism, as evidenced by Law #3220-IX dated June 30, 2023, and published in the Official Gazette on July 26, 2023.
3. To enable the trading of renewable energy, the Borrower, through its CoM, has approved the institutional mechanism required to issue, circulate, and redeem guarantees of origin of electricity produced from renewable energy sources, as evidenced by Resolution #227 dated February 27, 2024.
4. To improve farmers' access to loans through digital technologies, the Borrower has introduced a new financial instrument that allows for the use of agrarian notes as collateral, as evidenced by Law #3586-IX dated February 22, 2024, and published in the Official Gazette on March 7, 2024.
5. To efficiently use public funds to support the private sector's access to finance, the Borrower, through its CoM, has revised the 5-7-9 Loan Program to limit eligibility to SMEs exclusively, as evidenced by Resolution #1403 dated December 27, 2023.
6. To facilitate export processing, the Borrower, through its CoM, has submitted to the Verkhovna Rada of Ukraine for approval on January 16, 2024, the draft Law #10411 amending the customs code of Ukraine and aligning it with the European Union customs legislation.
7. To strengthen the land tax base, the Borrower, through its CoM, has approved the initiation of a pilot mass valuation of land values, as evidenced by Resolution #1078 dated October 13, 2023.
8. To reduce corruption in public procurement, the Borrower, through the Ministry of Finance and the Ministry of Economy, has adopted a joint order initiating and outlining the steps for the update of automatic risk indicators for e-procurement, as evidenced by Order #66/3757 dated February 12, 2024.

**Section II. Availability of Loan Proceeds**

- A. **General.** The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of this Section and such additional instructions as the Bank may specify by notice to the Borrower.
- B. **Allocation of Loan Amounts.** The Loan is allocated in: (a) a single withdrawal tranche, from which the Borrower may make withdrawals of the Loan proceeds; and (b) the amounts requested by the Borrower to pay: (i) the Front-end Fee; (ii) each Interest Rate Cap or Interest Rate Collar premium; and (iii) interest and Commitment Charges. The allocation of the amounts of the Loan to this end is set out in the table below:

<b>Allocations</b>	<b>Amount of Loan A (9670-UA) Allocated (expressed in Dollars)</b>	<b>Amount of Loan B (9669-UA) Allocated (expressed in Dollars)</b>
(1) Single Withdrawal Tranche	881,825,000	514,884,562.50
(2) Front-end Fee	2,459,562.50	1,290,437.50
(3) Amount due pursuant to Section 4.05(c) of the General Conditions		0
(4) Amount to be paid pursuant to Section 2.05(c) of the General Conditions	99,540,437.50	n/a
<b>TOTAL AMOUNT</b>	<b>983,825,000</b>	<b>516,175,000</b>



**C. Withdrawal Tranche Release and other Conditions.**

1. No withdrawal shall be made of the Single Withdrawal Tranche – Loan A unless the Bank is satisfied: (a) with the Program being carried out by the Borrower; and (b) with the adequacy of the Borrower's macroeconomic policy framework.
2. No withdrawal shall be made of the Single Withdrawal Tranche – Loan B unless: (a) the Bank and the UK Guarantor have signed the UK Guarantee Agreement and the UK Guarantee Agreement has been delivered to the Bank and has become effective; and (b) the Bank is satisfied with: (i) the Program being carried out by the Borrower; and (ii) the adequacy of the Borrower's macroeconomic policy framework.
3. Payments under Category (4) shall be made out of the proceeds of Loan A for the interest and Commitment Charges accrued up to the Closing Date and up to the amount allocated under Category (4) above; provided that should the actual interest and Commitment Charges accrued up to the Closing Date exceed the amount indicated under Category (4), the Borrower shall be responsible for paying any such additional interest and Commitment Charges.

**D. Deposit of Loan Amounts.**

The Borrower, within seven (7) days after the withdrawal of the Loan from the Loan Account, shall report to the Bank: (a) the exact sum received into the account referred to in Section 2.03(a) of the General Conditions; (b) the details of the account to which the Ukrainian Hryvnia equivalent of the Loan proceeds will be credited; (c) the record that an equivalent amount has been accounted for in the Borrower's budget management systems; and (d) the statement of receipts and disbursement of the account referred to in Section 2.03(a) of the General Conditions.

**E. Audit.** Upon the Bank's request, the Borrower shall:

1. have the account referred to in Section 2.03(a) of the General Conditions audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank;
2. furnish to the Bank as soon as available, but in any case, not later than four (4) months after, a certified copy of the report of such audit, of such scope and in such detail as the Bank shall reasonably request, and make such report publicly available in a timely fashion and in a manner acceptable to the Bank; and
3. furnish to the Bank such other information concerning the account referred to in Section 2.03(a) of the General Conditions and their audit as the Bank shall reasonably request.

**F. Closing Date.** The Closing Date is December 31, 2025.

**G. Use of Loan Proceeds.**

1. The Borrower undertakes that no Loan proceeds or resources may be used for defense, security, or military purposes, or for any payments made to any defense, security, or military forces.
2. If the Bank determines, at any time, that an amount of the Loan was used to make a payment for either: (a) Excluded Expenditures; or (b) used for defense, security, or military (including any other types of military forces, if such may be relevant) purposes, the Borrower shall, promptly upon notice from the Bank, refund an amount equal to the amount of such expenditures financed by the Bank. All amounts so refunded to the Bank pursuant to the abovementioned request will be subsequently cancelled.

**Section III. Other Undertakings**

**A. Credit Enhancement.**

1. The Borrower acknowledges and confirms that Loan A is supported by a Credit Enhancement, pursuant to which certain obligations of the Borrower under this Agreement are supported through the Credit Enhancement Trust Fund, subject to the terms and conditions set forth in the TF Documents.
2. The Borrower understands and agrees that, in the event of any payment to the Bank pursuant to the terms of the TF Documents as a result of any non-payment by the Borrower under this Agreement, the Contributor under the Credit Enhancement Trust Fund may have certain rights of subrogation and the Bank may assign to the Contributor any right to receive repayment from the Borrower under this Agreement, all subject to the terms and conditions of the TF Documents.

**B. UK Guarantee**

1. In the event the UK Guarantee Agreement is signed, the Borrower acknowledges and confirms that Loan B is guaranteed by a UK Guarantee, pursuant to which the UK Guarantor will guarantee certain obligations of the Borrower under this Agreement, subject to the terms and conditions set forth therein.
2. The Borrower understands and agrees that, in the event of any payment to the Bank by the UK Guarantor under the UK Guarantee Agreement as a result of any non-payment by the Borrower under this Agreement, the UK Guarantor may have certain rights of subrogation and the Bank may assign to the UK Guarantor any

right to receive repayment from the Borrower under this Agreement, all subject to the terms and conditions of the UK Guarantee Agreement.

**SCHEDULE 2**

**Commitment-Linked Amortization Repayment Schedule**

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").

**Level Principal Repayments**

<b>Principal Payment Date</b>	<b>Installment Share</b>
On each February 15 and August 15 Beginning August 15, 2030 through February 15, 2057	1.82%
On August 15, 2057	1.72%

## APPENDIX

### Section I. Definitions

1. "5-7-9 Loan Program" means Borrower's program to provide interest rate compensation for loans to businesses, established by the Borrower's Resolution of the Cabinet of Ministers of Ukraine No. 28 dated January 24, 2020, as amended.
2. "CoM" means the Borrower's Cabinet of Ministers.
3. "Contributor" means a Member Country making a contribution to the Credit Enhancement Trust Fund in accordance with the terms of the TF Documents.
4. "Credit Enhancement" means the credit enhancement provided for loans made by the Bank to the Borrower pursuant to the terms of the TF Documents.
5. "Credit Enhancement Trust Fund" means the Advancing Needed Credit Enhancement for Ukraine Trust Fund (Trust Fund No. TF073981) established at the Bank to provide credit enhancement for loans provided by the Bank to the Borrower.
6. "General Conditions" means the "International Bank for Reconstruction and Development General Conditions for IBRD Financing, Development Policy Financing", dated December 14, 2018 (last revised on July 15, 2023), with the modifications set forth in Section II of this Appendix.
7. "IOSCO Principles" means International Organization of Securities Commission's 38 principles on effective regulation of securities and capital markets.
8. "Loan A" means the loan provided for under Section 2.01(a) of the Loan Agreement.
9. "Loan B" means the loan provided for under Section 2.01(b) of the Loan Agreement.
10. "NSSMC" means the National Securities and Stock Market Commission, the Borrower's state capital markets regulator.
11. "Official Gazette" means one of the Borrower's official journals in which laws enacted by the Borrower are published.
12. "Program" means: the program of objectives, policies, and actions set forth or referred to in the letter dated March 8, 2024 from the Borrower to the Bank, including the action to be taken and referred to in Section 5.01 (b) of this

Agreement, declaring the Borrower's commitment to the execution of the Program, and requesting assistance from the Bank in support of the Program during its execution and comprising actions taken, including those set forth in Section I of Schedule 1 to this Agreement, and actions to be taken consistent with the program's objectives.

13. "SOEs" means state-owned enterprises.
14. "Signature Date" means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to "the date of the Loan Agreement" in the General Conditions.
15. "Single Withdrawal Tranche" means the amount of the Loan allocated to the category entitled "Single Withdrawal Tranche" in the table set forth in Part B of Section II of Schedule 1 to this Agreement.
16. "SMEs" means small and medium enterprises.
17. "TF" means Trust Fund.
18. "UK Guarantee" means a guarantee extended by the UK Guarantor under the UK Guarantee Agreement in a principal amount of \$516,175,000 together with interest, in respect of Loan B.
19. "UK Guarantee Agreement" means the guarantee agreement entered into between the Bank and the UK Guarantor providing for the UK Guarantee, as such guarantee agreement may be amended from time to time, and such term includes all appendices, schedules and agreements supplemental to the UK Guarantee Agreement.
20. "UK Guarantor" means the United Kingdom of Great Britain and Northern Ireland.
21. "Ukrainian Hryvnia" means the Borrower's national currency.
22. "Verkhovna Rada of Ukraine" means the Borrower's parliament and sole legislative entity.

## **Section II. Modifications to the General Conditions**

The General Conditions are hereby modified as follows:

1. Paragraph (b) of Section 3.01 is deleted in its entirety and replaced with the following:

"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 on the Unwithdrawn Loan Balance of:

- (a) Loan A shall accrue from a date sixty (60) 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.
- (b) Loan B shall accrue from a date sixty (60) days after the date of the UK Guarantee Agreement to the respective dates on which amounts are withdrawn by the Borrower from the Loan Account or cancelled.

Except as otherwise provided in Section 2.07(c), the Borrower shall pay the Commitment Charge semi-annually in arrears on each Payment Date."