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March 1, 2023

H. E. Sergii Marchenko
Minister of Finance
Ministry of Finance of Ukraine
12/2 Hrushevskoho
Kyiv 01008
Ukraine

Re: Loan No. 8973-UA
(Accelerating Private Investment in Agriculture Program)
Amendment No. 3 to the Loan Agreement

Excellency:

We refer to the Loan Agreement (the "Agreement"), as amended to date, between Ukraine ("Borrower") and the International Bank for Reconstruction and Development ("Bank") dated August 27, 2019, for the above mentioned Accelerating Private Investment in Agriculture Program.

We also refer to your letter dated October 21, 2022, requesting the Bank to amend certain provisions of the Loan Agreement. Accordingly, we are pleased to inform that the Bank has agreed to your request and proposes to amend the Agreement in respect of the provisions as follows:

1. Schedule 1 to the Agreement is hereby amended to read as set forth in Annex 1 to this letter.
2. The table in Section IV.A.2 of Schedule 2 to the Agreement is hereby amended to read in its entirety as follows:

Category (including Disbursement Linked Indicator as applicable)	Amount of the Loan Allocated (expressed in USD)
(1) DLI 1: Improving efficiency and transparency in delivering state services to agriculture sector	\$9,500,000
(2) DLI 2: Improving the functioning of agricultural land markets, including: (i) DLI 2.1 Increasing registration of state land; (ii) DLI 2.2 Improving transparency and competitiveness of state land lease system (Removed); (iii) DLI 2.3 Improving protection of rights in land and mortgage market (Removed); and (iv) DLI 2.4: Strengthening of the Free Legal Aid System	\$17,000,000

(3) DLI 3: Improving agribusiness SME access to export markets, including: (i) DLI 3.1 Promoting SME access to export markets; and (ii) DLI 3.2 Facilitating cross border trade (Removed)	\$5,500,000
(4) DLI 4: Supporting an agricultural production recovery	\$167,500,000
(5) Front-end Fee to be paid pursuant to Section 2.03 of this Agreement in accordance with Section 2.05 (b) of the General Conditions	\$500,000
TOTAL AMOUNT	\$200,000,000

3. Paragraph (a) of Section IV. B. 3 of Schedule 2 to the Agreement is amended to read as follows:

“(a) for DLR 2.1.1(ii) authorize the withdrawal of such lesser amount of the unwithdrawn proceeds of the Loan then allocated to the respective Categories which, in the opinion of the Bank, corresponds to the extent of achievement of said DLR(s), said lesser amount to be calculated in accordance with the respective formulae set out in the POM; and/or”

4. Section IV.B.4 of Schedule 2 to the Agreement is hereby amended to read as follows:

“4. The Closing Date is June 30, 2024.”

5. Schedule 4 of the Agreement is hereby amended to read in its entirety as set forth in Annex 2 to this Amendment Letter.

6. The definitions in paragraphs 15, 19 and 20 in the Appendix to the Loan Agreement are hereby replaced to read in their entirety as follows:

“15. “Disbursement Linked Result” or “DLR” means in respect of a given Category, the result under said Category as set forth in the table in Schedule 4 to this Agreement in the columns entitled “Results to be Achieved in FY2019”, “Results to be Achieved in FY2020”, “Results to be Achieved in FY2021”, “Results to be Achieved in FY2022”, or “Results to be Achieved in FY2023, as applicable. For avoidance of doubt, the years stated in the respective columns as temporal references for the achievement of any such DLRs are provided for indicative purposes only, and unless otherwise expressly or implicitly required by the wording of a given DLR, the DLRs can be achieved in advance or after such indicative period.

19. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Program-for-Results Financing”, dated December 14, 2018 (revised on August 1, 2020, December 21, 2020, April 1, 2021, and January 1, 2022).

20. “Implementing Institutions” means the following Borrower’s institutions: (i) the Ministry of Agrarian Policy and Food; (ii) the Ministry of Justice; (iii) the State Agency for Food Safety and Consumer Protection; (iv) the State Service of Ukraine for

Geodesy, Cartography and Cadaster; and (v) the Business Development Fund or any successor thereto”.

7. The Appendix to the Loan Agreement is hereby amended by removing the following terms and definitions:

“Agricultural SMEs” or “SMEs” means: (i) Agribusiness SMEs; and/or (ii) Small and Medium Agricultural Producers.

“Amalgamated Territorial Community” or “ATC” means a voluntary association of territorial communities of a village, town or city of the Borrower, which is established pursuant to, *inter alia*, the Law on “On Voluntary Association of Territorial Communities”, No. 157-VIII, dated February 5, 2015.

“BIP” means a border inspection post.

“CY2024” means calendar year 2024.

“Eligible State Land” means any state land located in a Selected Area, except state land: (i) that it is subject to any pending disputes; or (ii) the lease or sale of which would require, on the basis of the principles set out in the Operational Manual, compensation for structures built or other non-moveable assets or livelihood assistance to individuals whose livelihoods would be negatively affected.

“Interactive Information System on Food Safety and Export Market Requirements” means a system that will provide food business operators access to updated relevant information on SPS and other trade requirements for food products in countries that which are key export markets for the Borrower.

“Ministry for Communities and Territories Development of Ukraine” or “MCTD” means the Borrower’s Ministry for Communities and Territories Development of Ukraine or any successor thereto.

“Oblast” means a prime administrative-territorial unit of the Borrower forming the territorial basis for organization and operation of the local government bodies and local self-governments; and “Oblasts” means more than one Oblast.

“Ortophoto” means an aerial photograph of the territory of an Oblast, geometrically corrected such that the scale is uniform and the image follows a map projection.

“Selected Area” means any of the regions located in the Northern, Southern, Central and Western parts of the Borrower’s territory, and any other areas that may be added during Program implementation in agreement between the Borrower and the Bank, as further detailed in the Operational Manual; and “Selected Areas” means more than one Selected Area.

“Small and Medium Agricultural Producers” means: (i) individuals; and (ii) small and medium agriculture enterprises that engage in agriculture production and processing and operate on less than 1,000 hectares of land with annual revenues of less than EUR 1,300,000.

“SPS” means sanitary and phyto-sanitary measures.

“State Support Program Funding” means the annual amount of budget support for agricultural producers transferred to eligible recipients.

“Comprehensive Plans for Spatial Development of Territorial Communities” or “CPSDTC” means an urban planning document, approved by any of the Borrower’s local self-governments, and/or a land management document, issued in accordance with the Borrower’s Law 17.06.2020 № 711-IX “On Amendments to Certain Legislative Acts of Ukraine on Land Use Planning”, dated June 17, 2020, and duly published in the Borrower’s Official Gazette No. 60, dated August 4, 2020, and as further defined in the Operational Manual.”

8. The Appendix to the Agreement is amended by adding, and placing in alphabetical order the following terms and definitions (and, as a result, the remaining terms and definitions are renumbered to maintain alphabetical order):

“Business Development Fund” or “BDF” means the Borrower’s financial institution under MoF, which provides financial and other support to micro-, small and medium enterprises and participates in the implementation of state programs with financial state support to individuals, or any successor thereto.

“Credit Program 5-7-9” means the Borrower’s program implemented by BDF to provide interest rate compensation for loans to agricultural producers to purchase of fixed assets and/or cover any costs to carry out agricultural activities, established by the Borrower’s Resolution of the Cabinet of Ministers of Ukraine No. 28 dated January 24, 2020.

“Efficient Irrigation Management Program” means the Borrower’s program implemented by MAPF to provide financial support, including grants, to water user organizations to restore pumping stations established by the Borrower’s Resolution of the Cabinet of Ministers of Ukraine No. 1070 dated October 11, 2021.

“Horticulture Development Program” means the Borrower’s program implemented by MAPF to provide grants for the creation and development of horticulture and greenhouses established by the Borrower’s Resolution of the Cabinet of Ministers of Ukraine No. 738 dated June 21, 2022.

“PCGF” means the Partial Credit Guarantee Fund in Agriculture established pursuant to the Borrower’s Law on Partial Credit Guarantee Fund in Agriculture 1865-IX dated November 4, 2021, and Resolution of the Cabinet of Ministers of Ukraine No. 125 dated February 16, 2022.

“Priority Agricultural Programs” means Credit Program 5-7-9, Horticulture Development Program, and Efficient Irrigation Management Program.

9. The Borrower hereby confirms to the Bank that the indicators set forth in Annex 3 to this revised Amendment Letter shall serve as a basis for the Borrower to monitor and evaluate the progress of the Program and the achievement of the objectives thereof.

Except as specifically amended in this Amendment Letter, all other provisions of the Loan Agreement remain in full force and effect.

Please confirm the agreement of the Borrower to the amendments set out above by countersigning and dating the confirmation set forth below and returning one fully signed original of this letter of amendment to us. Upon receipt by the Bank of the copy of this Amendment Letter duly countersigned by the authorized representative of the Borrower, this Amendment Letter shall become effective as of countersignature of this letter by the Borrower.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By 

Arup Banerji
Regional Country Director
Eastern Europe
Europe and Central Asia Region

AGREED:

UKRAINE

By: 

Name: OLHA ZYKOVA

Title: DEPUTY MINISTER OF FINANCE

Date: MARCH 28, 2023

“SCHEDULE 1

Program Description

The objectives of the Program are to alleviate select constraints to increased participation of the private sector, in particular small and medium-sized enterprises (SMEs), in agricultural input and output markets, and support the recovery of agricultural production in Ukraine affected by the war.

The Program consists of the following activities:

1. Improving efficiency and targeting of state support in the Borrower’s agriculture sector, through: (a) the operationalization of the State Agrarian Registry; (b) the adoption by MAPF of medium-term strategic priorities of state support in the agriculture sector; and (c) the approval of the Medium-Term Expenditure Framework for calendar years 2020-2022, including Key Performance Indicators designed in accordance with principles approved by MAPF.
2. Improving the functioning of agricultural land markets, through:
 - (a) increasing the registration of state land, including: (i) the adoption of a simplified methodology to carry out land inventories and verification; and (ii) the registration of unregistered state lands in the Land Cadaster and Registry of Rights using simplified, participatory and transparent procedures, including the procurement of inventory services using competitive procedures; and
 - (b) strengthening of the Free Legal Aid System, including: (i) provision of Primary Free Legal Aid and decision on provision of Secondary Free Legal Aid; (ii) development and approval of a methodology to identify legal problems, define actions to address those problems and measure the impact of community legal empowerment on land rights; and (iii) provision of Legal Empowerment Activities.
3. Improving Agribusiness SME access to export markets through the improvement of the legal framework on the traceability of products of animal origin.
4. Supporting an agricultural production recovery, through: (a) the provision of state support to agricultural producers under Credit Program 5-7-9 for crop plantings in 2022; and (b) the provision of state support under the Priority Agricultural Programs and capitalization of the PCGF in 2023.”

ANNEX 2

SCHEDULE 4

Disbursement Linked Indicators, Disbursement Linked Results and Allocated Amounts

DISBURSEMENT LINKED INDICATORS	IMPLEMENTING INSTITUTION	DISBURSEMENT-LINKED RESULTS				
		RESULTS TO BE ACHIEVED IN CY2019	RESULTS TO BE ACHIEVED IN CY2020	RESULTS TO BE ACHIEVED IN CY2021	RESULTS TO BE ACHIEVED IN CY2022	RESULTS TO BE ACHIEVED IN CY2023
DLI #1: Improving efficiency and transparency in delivering state services to agriculture sector.	MAPE			#1(i) – removed as per Amendment Letter. #2(ii) The State Agrarian Registry has been operationalized and is publicly available.* #2 (iii) Medium-term strategic priorities of the state support in agriculture sector have been adopted by MAPF.* #2 (iv) The Medium-Term Expenditure Framework for calendar years 2022-2024 has been approved including Key Performance Indicators designed in accordance with principles approved by MAPF. #2 (v) - removed as per Amendment Letter.	#3 – removed as per Amendment Letter.	#4 (i) – removed as per Amendment Letter. #4 (ii) – removed as per Amendment Letter. #4 (iii) – removed as per Amendment Letter. #5 (i) – removed as per Amendment Letter. #5 (ii) – removed as per Amendment Letter.

Allocated Amounts	\$9,500,000			(i) removed (ii) \$3,000,000 (iii) \$1,500,000 (iv) \$5,000,000 (v) removed	Removed	(i) removed (ii) removed (iii) removed (i) removed (ii) removed
DLI #2: Improving the functioning of agricultural land markets.	State GeoCadastrer			#1 (i) CMU resolution to simplify the methodology to carry out land inventory and verify the results from said inventory has been adopted in a manner acceptable to the Bank * #1 (ii) At least 10% of unregistered state lands as of March 1, 2020 (or any other date agreed between the Borrower and the Bank) have been registered in the Land Cadaster and Registry of Rights using simplified, participatory and transparent procedures with inventory services procured competitively using the Borrower's e-government procurement system ProZorro. *	#2 – removed as per Amendment Letter.	#3 – removed as per Amendment Letter. #4 – removed as per Amendment Letter.
Allocated Amounts DLI # 2.2 – removed as per	\$11,000,000			(i) \$8,000,000 (ii) \$3,000,000	Removed	Removed

Amendment Letter							
DLI # 2.3 – removed as per Amendment Letter							
DLI # 2.4: Strengthening of the Free Legal Aid System	MOJ				#1 (i) At least 80% of cases requesting land related advice received: (a) Primary Free Legal Aid in written form; or (b) a decision about provision of Secondary Free Legal Aid; within 10 calendar days from receiving the request across 10 Oblasts in Selected Areas during calendar year 2020. (ii) A methodology to identify legal problems, define actions to address those problems and measure the impact of community legal empowerment on land rights, has been developed and approved. *	#2 (i) At least 85% of cases requesting land related advice received: (a) Primary Free Legal Aid in written form; or (b) a decision about provision of Secondary Free Legal Aid; within 10 calendar days from receiving the request across 20 Oblasts in Selected Areas during calendar year 2021. (ii) At least 50,000 individuals including at least 25,000 women, benefited from Legal Empowerment Activities on land issues during calendar year 2021.	#3 (i) – removed as per Amendment Letter. (ii) – removed as per Amendment Letter.
Allocated Amounts	\$6,000,000				(i) \$1,750,000 (ii) \$1,750,000	(i) \$1,250,000 (ii) \$1,250,000	(i) removed (ii) removed (i) removed (ii) removed
DLI # 3: Improving agribusiness SME access to export markets	SSFSCP						

DLI # 3.1: Promoting SME access to export markets				#1 Amendments to the Law on Basic Principles and Requirements for Safety and Quality of Food have been approved and secondary legislation on the traceability of products of animal origin has been issued. *	#2 – removed as per Amendment Letter.	#3 – removed as per Amendment Letter.
Allocated Amounts	\$5,500,000			\$5,500,000	Removed	Removed
DLI # 3.2 – removed as per Amendment Letter						
DLI # 4: Supporting a sustainable agricultural production recovery	BDF/MOF				#1 At least 4,000 agricultural producers benefited from the state support under Credit Program 5-7-9 in 2022.	#2 Funds for the Priority Agricultural Programs and capitalization of PCCGF included in the 2023 national budget of Ukraine.
Allocated Amounts	\$167,500,000				\$148,000,000	\$19,500,000

*These DLRs are not time-bound. The calendar years in which they are expected to be achieved as per this Schedule are strictly for indicative purposes. These DLRs can accordingly be met up and until the Closing Date.”

Results framework

Program development objectives

The program development objective is to alleviate select constraints to increased participation of the private sector, in particular small and medium-sized enterprises (SMEs), in agricultural input and output markets of Ukraine.

Program development objective indicators by objectives/ outcomes

Indicator name	DLI	Baseline	Intermediate targets	End target
At least 95% of free legal aid cases responded in writing within 10 days of the receipt of inquiry			1	
Share of the free legal aid cases responded in writing within 10 days of the receipt of inquiry (Percentage)		12.00	80.00	95.00
At least 50 percent of ultimate beneficiaries reached with Program activities are women.				
Percentage of women beneficiaries reached with Program activities. (Percentage)		0.00		50.00
Supporting an agricultural recovery				
At least 4,000 agricultural producers benefited from the state support under Credit Program 5-7-9 in 2022 (Number)	DLI 4-	0.00		4,000.00
Matching grants for horticulture mobilized at least 400 million UAH private contributions (Amount(USD))		0.00		10,880,000.00

Intermediate results indicators by result areas

Indicator name	DLI Baseline	1	Intermediate targets	2	End target
RA 1: Increasing competitiveness of input markets					
Medium-term Expenditure Framework applied in planning and budgeting at the MAPF in respect of agrifood sector. (Yes/No)	No				Yes
100% of unregistered state lands as of July 1, 2021 (or any other date agreed between the Borrower and the Bank) are registered (Percentage)	0.00				12.50
Number of women benefiting from legal empowerment activities on land issues (Number)	0.00				45,000.00
RA4: Supporting an agricultural recovery					
At least 19 billion UAH of agricultural loans under credit program "5-7-9" issued for the 2022 spring crop planting campaign (Amount(USD))	0.00				517,000,000.00
The state provided at least 2 billion UAH for leveraging agricultural loans under credit program "5-7-9" in the calendar year 2023 (Amount(USD))	0.00				54,000,000.00
At least 1.3 billion UAH was provided by the state as matching grants for horticulture investments in the calendar year 2023 (Amount(USD))	DLI 4.2 0.00				35,000,000.00

Indicator name	DII	Baseline	1	Intermediate targets 2	End target
At least 360 million UAH was provided by the state to the Partial Credit Guarantee Fund in the calendar year 2023 (Amount(USD))		0.00			9,780,000.00
At least 200 million UAH spent by the state on supporting the water user organizations in the calendar year 2023 (Amount(USD))		0.00			5,440,000.00