
GRANT NUMBER TF0B9038

Multi-Donor Trust Fund Grant Agreement

(Additional Financing for the Public Expenditures for Administrative Capacity
Endurance in Ukraine Project)

between

UKRAINE

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT AND INTERNATIONAL DEVELOPMENT
ASSOCIATION

*(acting as administrator of the Multi-Donor Trust Fund for the Co-financing of the
Public Expenditures for Administrative Capacity Endurance in Ukraine Project)*

GRANT NUMBER TF0B9038

GRANT AGREEMENT

AGREEMENT dated as of the Signature Date between UKRAINE ("Recipient") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT/ INTERNATIONAL DEVELOPMENT ASSOCIATION ("Bank"), for the purpose of providing additional financing to the project described in Schedule 1 to this Agreement ("Project"). The additional financing is provided through the Multi-Donor Trust Fund for Co-financing of the Public Expenditures for Administrative Capacity Endurance in Ukraine Project.

WHEREAS: (A) following an international effort to provide development support to Ukraine and having satisfied itself as to the feasibility and priority of the project as further described in Schedule 1 to this Agreement ("Project"), the Recipient has requested the Bank to extend a grant to assist in the financing of the Project:

(B) the Recipient has also obtained a loan in the amount of €465.950.000 ("Loan") from the International Bank for Reconstruction and Development ("Bank"), which Loan has been extended for the Project by the Bank under the Loan Agreement (as defined in the Appendix to this Agreement);

(C) the Recipient has also obtained from the International Development Association ("Association"), on an exceptional basis, a credit in the amount of €946.600.000 ("Credit"), which Credit has been extended for the Project by the Association under the Financing Agreement (as defined in the Appendix to this Agreement).

Now therefore, the Recipient and the Bank hereby agree as follows:

**Article I
Standard Conditions; Definitions**

- 1.01. The Standard 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 Standard Conditions or in the Appendix this Agreement.

**Article II
The Project**

- 2.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall, through the Ministry of Finance ("MoF"), carry out the Project

in accordance with the provisions of Article II of the Standard Conditions and Schedule 2 to this Agreement.

**Article III
The Grant**

- 3.01. The Bank agrees to extend to the Recipient a grant in an amount not to exceed one billion three hundred million United States Dollars (US\$1,300,000,000) ("Grant") to assist in financing the Project.
- 3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section III of Schedule 2 to this Agreement.
- 3.03. The Grant is funded out of the above-mentioned trust fund for which the Bank receives periodic contributions from the donors to the trust fund. In accordance with Section 3.02 of the Standard Conditions, the Bank's payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the donors under the above-mentioned trust fund, and the Recipient's right to withdraw the Grant proceeds is subject to the availability of such funds.

**Article IV
Recipient's Representative; Addresses**

- 4.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its Minister of Finance.
- 4.02. For purposes of Section 7.01 of the Standard Conditions:

(a) the Recipient's address is:

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

(b) the Recipient's Electronic Address is:

Facsimile:	E-mail:
+38 (044) 425-90-26	infomf@minfin.gov.ua

4.03. For purposes of Section 7.01 of the Standard Conditions:

(a) the Bank's address is:

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

(b) the Bank's Electronic Address is:

Telex:	Facsimile:
248423 (MCI) or 64145 (MCI)	1-202-477-6391

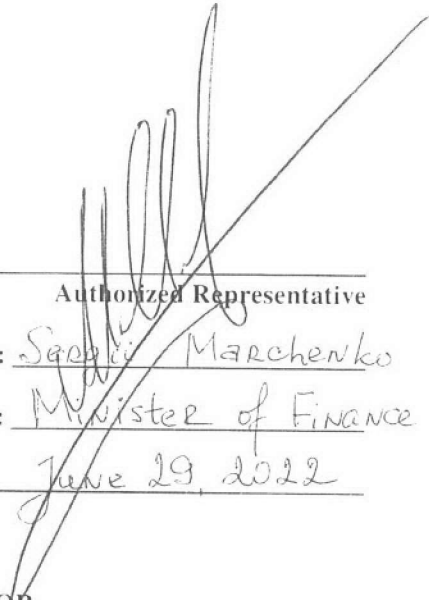
Article V
Other Undertakings

5.01. Without limitation to Section 7.02(b) of the Standard Conditions (as amended hereinafter), any modification to this Agreement shall be executed by written instrument agreed by the parties hereto. Such amendment shall become effective the date as of which it has been executed by all parties unless otherwise specified in the amending agreement.

AGREED as of the Signature Date.

UKRAINE

By



Authorized Representative

Name: Serhiy Marchenko

Title: Minister of Finance

Date: June 29, 2022

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
AND INTERNATIONAL DEVELOPMENT
ASSOCIATION

(acting as administrator of Multi-Donor Trust Fund for the Co-financing of the Public Expenditures for Administrative Capacity Endurance in Ukraine Project)

By



Authorized Representative

Name: ARUP BANERJI

Title: REGIONAL DIRECTOR, EASTERN EUROPE

Date: June 29, 2022

SCHEDULE 1

Project Description

The objective of the Project is to contribute to sustaining the Recipient's administrative and service delivery capacity to exercise core government functions at the national and regional levels.

The Project consists of the following Part:

Part 1. Supporting the Recipient in: (a) maintaining core government functions through the payment of Salaries of Eligible Employees; and (b) provision of audits.

SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements.

1. The Recipient shall vest responsibility for overall coordination and implementation of the Project in the MoF.
2. The Recipient, through the MoF, shall appoint the Deputy Minister of Finance as the Project coordinator to be responsible for project implementation, monitoring and reporting.
3. The Recipient, through the MoF, shall, at all times during Project implementation, ensure that its Department of Expenditures of Public Authorities and its Department of Expenditures of Humanitarian Sector are each maintained with mandate, composition and resources acceptable to the Bank and are responsible for reporting to the Project coordinator referred to in paragraph 2 above on consolidated wage bill expenditures and monitoring of wage bill spending in accordance with the provisions of the POM.

B. Project Operational Manual.

1. No later than fifteen (15) days after the Effective Date, the Recipient shall update and thereafter carry out the Project in accordance with the POM in form and substance acceptable to the Bank, containing, *inter alia*, detailed: (i) implementation and institutional arrangements for the Project; (ii) administrative; (iii) procurement; (iv) financial management and accounting; (v) monitoring and evaluation; (vi) eligibility criteria for the selection of Eligible Employees under the Project; (vii) verification protocols and procedures for payment of Salaries of Eligible Employees; (viii) grievance mechanism for the Project; and (ix) such other technical, administrative, fiduciary or coordination arrangements as may be necessary to ensure effective Project implementation.
2. The Recipient shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the POM or any provision thereof, without the prior written agreement of the Bank.
3. Notwithstanding the foregoing, in the event of any inconsistency between the provisions of the POM and those of this Agreement, the provisions of this Agreement shall prevail.

C. Environmental and Social Standards.

1. The Recipient shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.
2. Without limitation upon paragraph 1 above, the Recipient shall ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan ("ESCP"), in a manner acceptable to the Bank. To this end, the Recipient shall ensure that:
 - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;
 - (b) sufficient funds are available to cover the costs of implementing the ESCP;
 - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
 - (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Bank shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
4. The Recipient shall ensure that:
 - (a) all measures necessary are taken to collect, compile, and furnish to the Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Bank, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Bank, setting out, *inter alia*: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and
 - (b) the Bank is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.

5. The Recipient shall establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Bank.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Recipient shall ensure that each Project Report is furnished to the Bank not later than one (1) month after the end of each calendar semester, covering the calendar semester.

Section III. Withdrawal of Grant Proceeds

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; and (b) this Section; to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Grant Allocated (expressed in US\$)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Salaries of Eligible Employees under Part I.(a) of the Project	1,300,000,000	Up to 100%
(2) Consulting services under Part I.(b) of the Project	0	100%
TOTAL AMOUNT	1,300,000,000	

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 Signature Date, except that withdrawals up to an aggregate amount not to exceed \$650,000,000 may be made for

payments made prior to this date but on or after March 1, 2022, for Eligible Expenditures under Category (1); or

- (b) under Category (1), until and unless the Recipient has furnished evidence satisfactory to the Bank in accordance with the verification protocols set forth in the POM, that the Salaries for Eligible Employees have been paid.
2. No withdrawal shall be made for payments of Eligible Expenditures that have already been financed under the Loan Agreement or the Financing Agreement, or for which withdrawals have been requested under the Loan Agreement or the Financing Agreement.
 3. The Closing Date is March 31, 2023.

APPENDIX

Section I. Definitions

1. "Anti-Corruption Guidelines" means, for purposes of paragraph 2 of the Appendix to the Standard Conditions, 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, and as of July 1, 2016.
2. "Category" means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
3. "Department of Expenditures of Humanitarian Sector" means the MoF's department responsible for monitoring monthly wage bill payments for School Employees as further detailed in the POM, or any successor thereto.
4. "Department of Expenditures of Public Authorities" means the MoF's department responsible for monitoring monthly wage bill payments for civil servants and other employees of governmental bodies as further detailed in the POM, or any successor thereto.
5. "Eligible Employees" means civil servants and other employees of governmental bodies; School Employees (all as defined in the POM) in non-security sectors who meet the eligibility criteria set forth in the Project Operational Manual.
6. "Environmental and Social Commitment Plan" or "ESCP" means the environmental and social commitment plan for the Project, dated June 25, 2022, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Recipient shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
7. "Environmental and Social Standards" or "ESSs" means, collectively: (i) "Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts"; (ii) "Environmental and Social Standard 2: Labor and Working Conditions"; (iii) "Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management"; (iv) "Environmental and Social Standard 4: Community Health and Safety"; (v) "Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement"; (vi) "Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources"; (vii) "Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities"; (viii)

“Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Bank.

8. “Financing Agreement” means the agreement between the Recipient and the Association for the Project dated June 9, 2022, as such agreement may be amended from time to time. “Financing Agreement” includes all appendices, schedules and agreements supplemental to the Financing Agreement.
9. “Loan Agreement” means the agreement between the Recipient and the Bank for the Project dated June 9, 2022, as such agreement may be amended from time to time. “Loan Agreement” includes all appendices, schedules and agreements supplemental to the Loan Agreement.
10. “Ministry of Finance” and “MoF” each means the Borrower’s ministry responsible for finance, or any successor thereto.
11. “Procurement Regulations” means, for purposes of paragraph 20 of the Appendix to the Standard Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated November 2020.
12. “Project Operational Manual” and “POM” each means the operational manual to be prepared and adopted by the Borrower in a manner satisfactory to the Bank as further described in Section I.B of Schedule 2 to this Agreement.
13. “Salaries” the salaries of Eligible Employees, excluding, *inter alia*, those in the defense, military and security sector as set forth in the POM.
14. “School Employees” means pedagogical staff working in institutions providing general secondary education; and excluding all employees working in military schools and schools with enhanced military and physical training, as further detailed in the POM.
15. “Signature Date” means the later of the two dates on which the Recipient and the Bank signed this Agreement and such definition applies to all references to “the date of the Grant Agreement” in the Standard Conditions.
16. “Standard Conditions” means the “International Bank for Reconstruction and Development and International Development Association Standard Conditions for Grant Financing Made by the Bank out of Trust Funds”, dated February 25, 2019.

Section II. Modifications to the Standard Conditions

1. Section 7.02 (*Action on Behalf of the Recipient*) is modified to read as follows:
 - “(a) The representative designated by the Recipient in the Grant Agreement for the purpose of this Section, (or any person authorized by such representative for the purpose) (“Recipient’s Representative”), may take any action required or permitted to be taken pursuant to the Grant Agreement, and execute any documents or dispatch any Electronic Document, required or permitted to be executed pursuant to the Grant Agreement on behalf of the Recipient.
 - (b) The representative so designated by the Recipient or person so authorized by such representative may agree to any modification or amplification of the provisions of such Grant Agreement on behalf of such Recipient by Electronic Document or by written instrument executed by such representative or authorized person; provided that, in the opinion of such representative, the modification or amplification is reasonable in the circumstances and will not substantially increase the obligations of the Recipient under the Grant Agreement. The Bank may accept the execution by such representative or other authorized person of any such instrument as conclusive evidence that such representative is of such opinion.”