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CTF LOAN NUMBER TF0B5994

# **Clean Technology Fund Loan Agreement**

**(Ukraine - Improving Power System Resilience for European Power Grid  
Integration (Installation of Hybrid Systems for Electricity Production in  
Ukrhydroenergo) Project)**

**between**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**acting as an implementing entity of the Clean Technology Fund**

**and**

**PRIVATE JOINT STOCK COMPANY “UKRHYDROENERGO”**

**Dated**

**13 September, 2021**

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**CLEAN TECHNOLOGY FUND LOAN AGREEMENT**

AGREEMENT dated 13 September, 2021, entered into between: INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“World Bank”), acting not in its individual capacity but solely in its capacity as an implementing entity of the Clean Technology Fund (“CTF”) and PRIVATE JOINT STOCK COMPANY “UKRHYDROENERGO” (“Borrower”).

WHEREAS the Borrower and the World Bank intend to enter into a loan agreement (“IBRD Loan Agreement”) for the purpose of providing a loan in an amount of one hundred seventy seven million Dollars (USD 177,000,000) to the Borrower to assist in financing Part 1 of the Project (“IBRD Loan”), on the terms and conditions set forth in the IBRD Loan Agreement.

WHEREAS the Borrower and the World Bank, acting as an implementing entity of the CTF, intend to enter into a grant agreement (“CTF Grant Agreement”) for the purpose of providing a grant in an amount of one million Dollars (USD 1,000,000) to the Borrower to assist in financing Part 2 of the Project (“CTF Grant”), on the terms and conditions set forth in the CTF Grant Agreement.

The Borrower and the World Bank hereby agree as follows:

**Article I**  
**Standard Conditions; Definitions**

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

**Article II**  
**Loan**

- 2.01. The World Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of thirty-four million United States Dollars (\$34,000,000) (“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 Loan is funded out of the resources made available to the World Bank as an implementing entity of the CTF. In accordance with Section 3.02 of the Standard Conditions (as defined in the Appendix to this Agreement), the World Bank's payment obligations in connection with this Agreement are limited to the amount of funds made available to it from the CTF trust fund, and the Borrower's right to withdraw the Loan proceeds is subject to the availability of such funds.
- 2.04. The Management Fee payable by the Borrower, pursuant to Section 4.01(a) of the Standard Conditions, shall be equal to forty-five one hundredth of one percent (0.45%) of the Loan.
- 2.05. The Service Charge payable by the Borrower on the Withdrawn Loan Balance shall be equal to one-fourths of one percent (1/4 of 1%) per annum.
- 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 repayment schedule set forth in Schedule 3 to this Agreement.
- 2.08. The Payment Currency is USD.

### **Article III The Project**

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall carry out the Project in accordance with the provisions of Article II of the Standard Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the World 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 Additional Remedies**

- 4.01. The Additional Event of Suspension consists of the following, namely, that that the Borrower's Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Borrower to perform any of its obligations under this Agreement.
- 4.02. The Additional Event of Acceleration consists of the following, namely, that any event specified in Section 4.01 of this Agreement occurs and is continuing for a

period of thirty (30) days after notice of the event has been given by the World Bank to the Borrower.

**Article V  
Effectiveness; Termination**

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) that each of the IBRD Loan Agreement, the CTF Grant Agreement, the Guarantee Agreement and the CTF Guarantee Agreement have been executed and delivered and all conditions precedent to their effectiveness or to the right of the Borrower to make withdrawals under the IBRD Loan Agreement and the CTF Grant Agreement (other than the effectiveness of this Agreement) have been fulfilled.
  - (b) the Operations Manual has been adopted in form and substance acceptable to the Bank;
  - (c) the PMU has been established in a manner acceptable to the Bank; and
  - (d) the ESMP, the SEP and the LMP have been adopted in a manner acceptable to the Bank.
- 5.02. The Effectiveness Deadline is the date one hundred twenty (120) days after the date of this Agreement.

**Article VI  
Borrower's Representative; Addresses**

- 6.01. The Borrower's Representative referred to in Section 10.02 of the Standard Conditions is its Director General.
- 6.02. The Borrower's Address referred to in Section 10.01 of the Standard Conditions is:

07300, town Vyshgorod,  
Kyiv oblast, Ukraine; and

Telex:

Facsimile:

+38 04596 58 450

+38 04596 22 007

6.03. The World Bank's Address referred to in Section 10.01 of the Standard Conditions is:

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

Telex:

Facsimile:

E-mail:

248423(MCI) or  
64145(MCI)

1-202-477-6391

[abanerji@worldbank.org](mailto:abanerji@worldbank.org)

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

**PRIVATE JOINT STOCK COMPANY  
"UKRHYDROENERGO"**

By



\_\_\_\_\_  
Authorized Representative

Name: Ihor H. SYROTA

Title: Director General

**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**  
acting as an implementing entity of the  
Clean Technology Fund under the Strategic Climate  
Fund

By



\_\_\_\_\_  
Authorized Representative

Name: Arup BANERJI

Title: Regional Country Director

## SCHEDULE 1

### Project Description

The objective of the Project is to enhance the flexibility of Ukraine's power grid through storage investments and market expansion to support synchronization with the European electricity grid and decarbonization of the power sector.

The Project consists of the following parts:

#### **Part 1. Installation of Battery Energy Storage System ("BESS") with Solar Photovoltaic Plants ("PV"), Establishment of an Energy Management System and Supervision Consultancy**

- 1.1 Installation of: (i) BESS in Selected HPPs to provide ancillary services to the electricity grid; (ii) solar PV plants to supply electricity to the battery storage facilities and provide auxiliary consumption; and (iii) an energy management system.
- 1.2 Installation at Dniester HPP of a long duration BESS to charge electric vehicles, including electric buses.
- 1.3 Installation of a PV plant in Dniester HPP to support the charging of electric vehicles.
- 1.4 Provision of Project implementation support and financing of a supervision consultancy, including: (a) the carrying out of: (i) supervision, management and coordination activities; and (ii) Project audits; and (b) the carrying out of knowledge sharing activities to strengthen the Borrower's capacity in advanced energy management.

#### **Part 2. Technical Assistance**

Provision of technical assistance for: (i) the development of battery storage decommissioning and recycling technical procedures; (ii) the carrying out of a gender assessment of the Borrower's human resources policies and practices to identify factors influencing gender diversity and inclusion, including specific recommendations; (iii) the implementation, supervision and monitoring of environmental and social tasks under the Project, including, *inter alia*, the establishment and maintenance of a grievance redress mechanism and the carrying out of citizen engagement activities; and (iv) the strengthening of the Borrower's capacity on operation and maintenance best practices, safety measures, and battery recycling through the carrying out of training, workshops and study tours.

## SCHEDULE 2

### Project Execution

#### Section I. Institutional and Other Arrangements

##### A. Institutional Arrangements.

1. The Borrower shall establish and maintain during the implementation of the Project a Project Management Unit ("PMU"), responsible for day-to-day supervision of Project implementation and provision of technical support for Project implementation, with staff in numbers, qualifications and with responsibilities acceptable to the Bank.
2. Not later than ninety (90) days after the Effective Date, the Borrower shall establish an automated accounting and reporting system for the Project acceptable to the Bank.

##### B. Operations Manual.

1. The Borrower shall adopt and thereafter carry out the Project in accordance with the Operations Manual, which shall contain, *inter alia*: (a) detailed description of all Project activities, their sequencing and the prospective timetable and benchmarks in relation thereto; (b) the environmental and social instruments and arrangements set forth in the ESCP, including the grievance redress mechanism, and gender and citizen engagement for the Project; (c) the financial management arrangements for the Project; (d) coordination arrangements with MOE related to the monitoring of Project activities and achievement of the conditions set forth in Section IV.B.1(c) of Schedule 2 to this Agreement; (e) Project monitoring, evaluation, reporting, and communications; (f) mandatory provisions that shall exclude the financing of Excluded Activities; (g) the Anti-Corruption Guidelines and procedures to ensure compliance with the Anti-Corruption Guidelines.
2. The Borrower shall not amend or waive or fail to enforce any provision of the Operations Manual without the Bank's prior written approval.
3. In case of any conflict between the terms of the Operations Manual and those of this Agreement, the terms of this Agreement shall prevail.

##### C. Anti-Corruption

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



**D. Environmental and Social Standards.**

1. The Borrower shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the World Bank.
2. Without limitation upon paragraph 1 above, the Borrower shall ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan ("ESCP"), in a manner acceptable to the World Bank. To this end, the Borrower shall ensure that:
  - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, and 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 World 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 Borrower shall ensure that:
  - (a) all measures necessary are taken to collect, compile, and furnish to the World Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the World 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 World 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 World 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 Borrower 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 World Bank.
6. The Borrower shall ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, subcontractors and supervising entities to: (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.

**E. Financial Covenants**

1. Debt Service Coverage (Forecast Cash Flow)
  - (a) Except as the Bank shall otherwise agree, the Borrower shall not incur any debt unless a reasonable forecast of the revenues and expenditures of the Borrower shows that the estimated net revenues of the Borrower for each fiscal year during the term of the debt to be incurred shall be at least 1.2 times the estimated debt service requirements of the Borrower in such year on all debt of the Borrower including the debt to be incurred.
  - (b) For the purposes of this Section:
    - (i) The term "debt" means any indebtedness of the Borrower maturing by its terms more than one year after the date on which it is originally incurred.
    - (ii) Debt shall be deemed to be incurred: (A) under a loan contract or loan agreement or other instrument providing for such debt or for the modification of its terms of payment on the date of such contract, agreement or instrument; and (B) under a guarantee agreement, on the date the agreement providing for such guarantee has been entered into.
    - (iii) The term "net revenues" means the difference between: (A) the sum of revenues from all sources related to operations and net non operating income; and (B) the sum of all expenses related to operations including administration, adequate maintenance, taxes and payments in lieu of taxes, but excluding provision for

depreciation, other non-cash operating charges and interest and other charges on debt.

- (iv) The term "net non-operating income" means the difference between: (A) revenues from all sources other than those related to operations; and (B) expenses, including taxes and payments in lieu of taxes, incurred in the generation of revenues in (A) above.
- (v) The term "debt service requirements" means the aggregate amount of repayments (including sinking fund payments, if any) of, and interest and other charges on, debt.
- (vi) The term "reasonable forecast" means a forecast prepared by the Borrower not earlier than twelve months prior to the incurrence of the debt in question, which both the Bank and the Borrower accept as reasonable and as to which the Bank has notified the Borrower of its acceptability, provided that no event has occurred since such notification which has, or may reasonably be expected in the future to have, a material adverse effect on the financial condition or future operating results of the Borrower.
- (vii) Whenever for the purposes of this Section it shall be necessary to value, in terms of the currency of the Guarantor, debt payable in another currency, such valuation shall be made on the basis of the prevailing lawful rate of exchange at which such other currency is, at the time of such valuation, obtainable for the purposes of servicing such debt, or, in the absence of such rate, on the basis of a rate of exchange acceptable to the Bank.

## 2 Self-financing

- (a) Except as the Bank shall otherwise agree, the Borrower shall produce, for each of its fiscal years after its fiscal year ending on Fiscal Year 2021, funds from internal sources equivalent to not less than 15 % of the annual average of the Borrower's capital expenditures incurred, or expected to be incurred, for that year, the previous fiscal year, and the following fiscal year.
- (b) Before December 31 in each of its fiscal years, the Borrower shall, on the basis of forecasts prepared by the Borrower and satisfactory to the Bank, review whether it would meet the requirements set forth in paragraph (a) in respect of such year and the next following fiscal year and shall furnish to the Bank a copy of such review upon its completion.

- (c) If any such review shows that the Borrower would not meet the requirements set forth in paragraph (a) for the Fiscal Years covered by such review, the Borrower shall promptly take all necessary measures (including, without limitation, adjustments of the structure or levels of its rates) in order to meet such requirements.
  
- (d) For the purposes of this Section:
  - (i) The term "funds from internal sources" means the difference between: (A) the sum of revenues from all sources related to operations, consumer deposits and consumer contributions in aid of construction, net non-operating income and any reduction in working capital other than cash; and (B) the sum of all expenses related to operations, including administration, adequate maintenance and taxes and payments in lieu of taxes (excluding provision for depreciation and other non-cash operating charges), debt service requirements, all cash dividends and other cash distributions of surplus, increase in working capital other than cash and other cash outflows other than capital expenditures.
  
  - (ii) The term "net non-operating income" means the difference between: (A) revenues from all sources other than those related to operations; and (B) expenses, including taxes and payments in lieu of taxes, incurred in the generation of revenues in (A) above.
  
  - (iii) The term "working capital other than cash" means the difference between current assets excluding cash and current liabilities at the end of each fiscal year.
  
  - (iv) The term "current assets excluding cash" means all assets other than cash which could in the ordinary course of business be converted into cash within twelve months, including accounts receivable, marketable securities, inventories and pre-paid expenses properly chargeable to operating expenses within the next fiscal year.
  
  - (v) The term "current liabilities" means all liabilities which will become due and payable or could under circumstances then existing be called for payment within twelve months, including accounts payable, customer advances, debt service requirements, taxes and payments in lieu of taxes, and dividends.
  
  - (vi) The term "debt service requirements" means the aggregate amount of repayments (including sinking fund payments, if any) of, and interest and other charges on, debt.

- (vii) The term “capital expenditures” means all expenditures incurred on account of fixed assets, including interest charged to construction, related to operations.
- (viii) Whenever for the purposes of this Section it shall be necessary to value, in terms of the currency of the Borrower, debt payable in another currency, such valuation shall be made on the basis of the prevailing lawful rate of exchange at which such other currency is, at the time of such valuation, obtainable for the purposes of servicing such debt, or, in the absence of such rate, on the basis of a rate of exchange acceptable to the Bank.

**Section II. Project Monitoring, Reporting and Evaluation**

**A. Project Reports; Completion Report**

1. The Borrower shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than forty-five days after the end of the period covered by such report.
2. The Borrower shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

**B. Financial Management; Financial Reports; Audits**

1. The Borrower shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.
2. Without limitation on the provisions of Part A of this Section, the Borrower shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank as part of the Project Report not later than forty five days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.
3. The Borrower shall have: (i) its own financial statements; and (ii) Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such 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 World Bank not later than six months after the end of such period.

**Section III. Procurement**

All goods, works, non-consulting services and 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 the Procurement Regulations and the provisions of the Procurement Plan.

**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 III of the Standard Conditions, this Section and such additional instructions as the World Bank may specify by notice to the Borrower (including the “Disbursement Guidelines for Investment Project Financing” dated February 2017, as revised from time to time by the World 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 allocations of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<b>Category</b>	<b>Amount of the Loan Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be financed (exclusive of Taxes)</b>
(1) Goods, works, non-consulting services, consulting services, for Part 1.1 of the Project	28,747,000	16%
(2) Goods, works, non-consulting services, consulting services, for Part 1.2 of the Project	1,450,000	16%
(3) Goods, works, non-consulting services, consulting services, for Part 1.3 of the Project	3,000,000	16%

(4) (a) consulting services for Part 1.4 of the Project; and (b) Operating Costs and Training for Part 1 of the Project	650,000	16%
(5) Management Fee	153,000	Amount payable in accordance with Section 2.04 of this Agreement and Section 4.01(a) of the Standard Conditions
<b>TOTAL AMOUNT</b>	<b>34,000,000</b>	

**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, except that withdrawals up to an aggregate amount not to exceed \$1,000,000 equivalent may be made for payments made prior to this date but on or after May 1, 2021, for Eligible Expenditures; or
  - (b) under Category 2 until the Bank has received satisfactory evidence that:
    - (i) a draft amendment of the Electricity Law to enable the installation and operation of energy storage systems has been submitted to Ukraine's Parliament for approval thereof; and (ii) a draft amendment to the Market Rule and to the Grid Code to enable the installation and operation of energy storage systems have been published for consultations in NEURC's website; or
  - (c) under Category 3 until the Bank has received satisfactory evidence that:
    - (i) the draft Resource Adequacy Study has been completed and published; and (ii) a methodology for monitoring ancillary services has been adopted by Ukrenergo; all in accordance with the provisions set forth in the POM.
2. The Closing Date is December 31, 2026.

**SCHEDULE 3**  
**Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Loan repayable (expressed as a percentage)</b>
On each February 15 and August 15:	
commencing August 15, 2031 to and including February 15, 2041	1%
commencing August 15, 2041 to and including February 15, 2061	2%



## 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 and as of July 1, 2016.
2. “BESS” means battery energy storage system.
3. “Borrower’s Legislation” means: (i) Order No. 831 of the Ministry of Power and Electrification of Ukraine, dated December 31, 2003; (ii) Order No. 50-r of the Cabinet of Ministers of Ukraine, dated January 20, 2021 “On Particular Issues of Management of State-owned Facilities”; (iii) Resolution No. 235 of the Cabinet of Ministers of Ukraine, dated February 24, 2021 “On Approving the Charter of PJSC “Ukrhydroenergo””, according to which the Borrower has been established and is operating.
4. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
5. “CTF Grant” means the grant in the amount of one million United States dollars (USD 1,000,000) to be provided by the CTF to the Borrower for the financing of Part 2 of the Project pursuant to the CTF Grant Agreement.
6. “CTF Grant Agreement” means the grant agreement between the Borrower and the World Bank, acting as administrator of the Clean Technology Fund, for the Project, as such grant agreement is referred to in the preamble of this Agreement, and as such CTF Grant Agreement may be amended from time to time. “CTF Grant Agreement” includes the Standard Conditions referenced therein and all appendices, schedules and agreements supplemental to the CTF Grant Agreement.
7. “CTF Guarantee Agreement” means the agreement of the same date as this Agreement, between Ukraine and the International Bank of Reconstruction and Development, acting as an implementing entity of the CTF, whereby Ukraine guarantees all repayment obligations under the Loan on behalf of Borrower, as the same may be amended from time to time.
8. “Electricity Law” means the Borrower’s Law No. 2019-VIII, dated April 13, 2017, duly published in the Golos of Ukraine publication No. 105-106, dated June 10, 2017, “On Electricity Market”.
9. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated June 8, 2021, 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.

10. “Environmental and Social Management Plan” or “ESMP”<sup>5</sup> means the plan prepared and to be adopted by the Borrower, satisfactory to the Bank, which details (a) the measures to be taken during the implementation and operation of the Project to avoid, minimize, mitigate or offset adverse environmental and social impacts (including health and safety issues), or to reduce them to acceptable levels; and (b) the actions needed to implement these measures, as said instrument may be amended from time to time with the Bank’s prior written agreement.
11. “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 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 World Bank.
12. “Excluded Activities” means collectively: (a) an investment that is classified as a high risk, in respect to potential environmental and social impacts, in accordance with the provisions of the POM; (b) an investment that adversely impacts sensitive habitats and species as described in Biodiversity Conservation and Sustainable Management of Living Natural Resources (as defined under ESS 6); and (c) an investment that involves any other exclusions agreed by the Bank and the Borrower and set forth in the POM.
13. “Grid Code” means the codes approved pursuant to: (i) NEURC’s Resolution No. 309, dated March 14, 2018, duly published in the Official Gazette of Ukraine No. 75, dated April 18, 2018 “On the Approval of the Code of the Electricity Transmission System”; and (ii) NEURC’s resolution No. 310, dated March 14, 2018 duly published in the Official Gazette of Ukraine No. 75, dated April 18, 2018 “On the Approval of the Code of the Electricity Distribution System”.

14. "Guarantee Agreement" means the agreement between Ukraine and the Bank of even date herewith, whereby Ukraine guarantees all repayment obligations under the IBRD Loan on behalf of Borrower, as the same may be amended from time to time.
15. "HPP" means hydropower plant; and "HPPs" means the plural thereof.
16. "IBRD Loan" means the loan in the amount of one hundred million seventy-seven Dollars (\$177,000,000) provided by IBRD to the Borrower for the co-financing of Part 1 of the Project pursuant to the IBRD Loan Agreement.
17. "IBRD Loan Agreement" means the loan agreement between the Borrower and the World Bank providing the IBRD Loan, referred to in the preamble of this Agreement, and as the Loan Agreement may be amended from time to time. "IBRD Loan Agreement" includes the General Conditions referenced therein, and all appendices, schedules and agreements supplemental to the IBRD Loan Agreement.
18. "Labor Management Plan" or "LMP" means the plan to be prepared and disclosed by the Borrower, in a manner satisfactory to the Bank, as set out in the ESCP, in accordance with the Environmental and Social Standards.
19. "Market Rule" means the Market Rule approved pursuant to NEURC's Resolution No. 307, dated March 14, 2018 and duly published in the Official Gazette of Ukraine No. 117, dated June 22, 2018 "On the Approval of the Market Rules" .
20. "MOE" means the Ministry of Energy of Ukraine, or any successor thereto.
21. "NEURC" means National Energy and Utilities Regulatory Commission, the Ukraine's authority for state regulation, monitoring and control over the activities of business entities in the energy and public utilities sectors, established pursuant to the Decree of the President of Ukraine No. 694/2014 dated August 27, 2014, and with its regulations approved by the Decree of the President of Ukraine No. 715/2014 of September 10, 2014.
22. "Operating Costs" means reasonable incremental expenses directly incurred on account of the implementation, management, and monitoring of the Project by the Borrower, including, *inter alia*, travel costs, accommodation and *per diem*, utilities, maintenance of offices and equipment, insurance, office supplies and materials, banking charges, vehicle maintenance and operation, communication, printing, costs related to strengthening communication and disseminating results (events, communication plans, publications).

23. "Procurement Plan" means the Borrower's procurement plan for the Project, dated May 24, 2021 and provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the World Bank.
24. "Procurement Regulations" means the "World Bank Procurement Regulations for IPF Borrowers", dated November 2020.
25. "Project Management Unit" and "PMU" means the unit referred to in Section I.A of Schedule 2 to this Agreement.
26. "PV" means photovoltaic systems that include modules with solar cells made out of semiconductor materials that rely on the photovoltaic effect to generate electricity.
27. "Resource Adequacy Study" means a study to be prepared which shall evaluate the available resources of Ukraine's power system and projected electricity demand to identify supply/demand mismatch risks under a variety of scenarios, using the methodology described in the Operations Manual.
28. "Selected HPPs" means the following HPPs: (i) Kyiv (HPP including pump storage hydropower plant); (ii) Kaniv; (iii) Kremenchuk; and (iv) Seredniodniprovska, as further defined in the Operations Manual.
29. "Standard Conditions" means the Standard Conditions for Loans Made by the World Bank Out of the Climate Investment Funds, dated February 18, 2014.
30. "Stakeholder Engagement Plan" or "SEP" means the plan to be prepared and disclosed by the Borrower, in a manner satisfactory to the Bank, as set out in the ESCP, in accordance with the Environmental and Social Standards.
31. "Training" means reasonable expenditures (excluding costs of consultants' services) incurred for Project-related capacity building activities, including study tours, training courses, seminars, workshops and other training activities; such costs include travel, accommodation and *per diem* costs associated with training, workshop and study tour participants and trainers, space and equipment rental, and other training related miscellaneous costs.
32. "Ukrenergo" means Private Joint Stock Company «National Power Company «UKRENERGO», a legal entity incorporated as a joint stock company with 100% of the shares owned by Ukraine, as a result of reorganization through transformation of the State Enterprise National Power Company Ukrenergo into a private joint stock company in accordance with: (i) Order of the Ministry of Finance of Ukraine No. 73, dated February 15, 2019; and (ii) Order of the Cabinet of Ministers of Ukraine No.829-r, dated November 22, 2017, "On Approval of the Transformation of the State Enterprise National Power Company Ukrenergo into

a private joint stock company”; operating in accordance with the Charter approved by the Order of the Ministry of Finance of Ukraine No. 437 of October 21, 2019 and registered on October 22, 2019.