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| Европейска инвестиционна банка | Eiropas Investīciju banka |
| Evropská investiční banka | Europos investicijų bankas |
| Den Europæiske Investeringsbank | Európai Beruházási Bank |
| Europäische Investitionsbank | Bank Ewropew tal-Investiment |
| Europa Investeerimispank | Europese Investeringsbank |
| Ευρωπαϊκή Τράπεζα Επενδύσεων | Europejski Bank Inwestycyjny |
| European Investment Bank | Banco Europeu de Investimento |
| Banco Europeo de Inversiones | Banca Europeană de Investiții |
| Banque européenne d'investissement | Evropská investičná banka |
| An Banc Eorpach Infheistíochta | Evropska investicijska banka |
| Evropska investicijska banka | Euroopan investointipankki |
| Banca europea per gli investimenti | Europeiska investeringsbanken |

BY COURIER AND FAX

Ministry of Finance
12/2 Hrushevskoho Street
Kyiv 01008
Ukraine

For the attention of Deputy Minister of Finance of Ukraine Mr Oleksandr Kava

COPY TO:

Ministry for Communities and Territories Development of Ukraine
9 Velyka Zhytomyrska
Kyiv 01601
Ukraine

*For the attention of First Deputy Minister for Communities and Territories Development of Ukraine
Mr Vasyl Lozynsky*

and

Ministry of Health of Ukraine
7 Hrushevskoho Street
Kyiv 01601
Ukraine

For the attention of Deputy Minister of Health of Ukraine for European Integration Mr Ihor Ivashchenko

Luxembourg, 12 February 2021

JU OPS 2/OEU-B/DS/lf/2021-353

EIB CORPORATE USE

Ref.: UKRAINE MUNICIPAL INFRASTRUCTURE PROGRAMME
(FI N° 81.425, Serapis N° 2011-0487)

Finance Contract between Ukraine (the "Borrower") and the European Investment Bank (the "Bank") dated 23 July 2015, as amended from time to time (the "Finance Contract")

Amendment letter No 3

Dear Sirs,

Capitalised terms used but not defined in this letter (the "Amendment Letter") have the meanings given to them in the Finance Contract.

We refer to the recent outbreak of the COVID-19 pandemic and our discussions to make certain amendments to the Finance Contract to allow for the financing of measures related to the combat against the COVID-19 pandemic. We agree to amend the Finance Contract subject to the terms and conditions set out herein.



1. Amendments

In accordance with Article 11.06 (Amendments) of the Finance Contract, the Finance Contract is amended, with effect from the Effectiveness Date, as follows:

- (a) Recital (3) of the Whereas part of the Finance Contract shall read as follows:

"(3) The Borrower has stated that it is undertaking

(A) operations (including undertaking new construction, reconstruction, modernisation and other types of works) to rehabilitate and upgrade, or minimise deterioration of, municipal infrastructure in Ukraine in order to improve substantially energy efficiency in rehabilitated facilities and to contribute to Ukraine's energy security, reduction of energy and water losses, improvement of solid waste management services, district heating, municipal lighting, water supply (including hot and cold water as well as drinking water and water for other uses) and sanitation and generally to improve the safety and quality of services provided; and

(B) operations related to the combat against the COVID19 pandemic.

(each operation hereafter called a "Sub-Project" and collectively, the "Project"), as more particularly described in the technical description set out in Schedule A hereto (the "Technical Description"). The Sub-Projects will be implemented in the parts of the territory of Ukraine which are under the control of the Government of Ukraine. The Sub-Projects shall be implemented by central and regional governmental bodies of the Borrower, its local state administrations, bodies of local self-government and state and communal enterprises including enterprises which have majority state or communal participation (each a "Final Beneficiary" and together the "Final Beneficiaries")."

- (b) Recital (6)-(7) of the Whereas part of the Finance Contract shall read as follows:

"(6) Except for the COVID19 Specific Sub-Projects (as defined below), the Borrower, acting through the Ministry of Finance of Ukraine, in conjunction with the Ministry for Communities and Territories Development of Ukraine or its legal successor (the "Minregion") and, if necessary, local state administrations and/or organs of local self-government shall make the proceeds of the Credit available to each Final Beneficiary pursuant to a loan funds transfer agreement (each a "Loan Fund Transfer Agreement") between, inter alia the Ministry of Finance of Ukraine, the Minregion, the NEURC and the Final Beneficiary.

(7) Except for the COVID19 Specific Sub-Projects, the Borrower, acting through the Minregion, will have general supervision of and responsibility for the implementation of the Project, including the establishment of a programme management and support unit (the "PMSU") within the Minregion and shall ensure the establishment of project implementation units (each a "PIU") within each Final Beneficiary. In case of the COVID19 Specific Sub-Projects, the Borrower, acting through the Ministry of Health of Ukraine together with the SOE "Medical Procurements of Ukraine" or its legal successor (or another relevant entity) and/ or specifically designated unit within the Ministry of Health of Ukraine and with the support of the PMSU will have general supervision of and responsibility for the implementation of the COVID19 Specific Sub-Projects.

- (c) The new definition of "Approved Vaccine" shall be incorporated in the Finance Contract and shall read as follows:

"**"Approved Vaccine"** means a vaccine against COVID-19 which has either World Health Organization Prequalification, standard/conditional marketing authorisation or an emergency use authorisation or on an exceptional basis, at a minimum, licensure/authorisation in place from a Stringent Regulatory Authority ("SRA"), as defined by reference to WHO's list of SRAs which is regularly updated, or a World Health Organization Emergency Use Listing; and with a selection process to the satisfaction of the Bank."

- (d) The new definition of "COVID19 Specific Sub-Projects" shall be incorporated in the Finance Contract and shall read as follows:

"COVID19 Specific Sub-Projects" means those Sub-Projects which are "Health care COVID19 Specific" Sub-Projects as described in the Technical Description."

- (e) The definition of "Final Availability Date" in the Finance Contract shall read as follows:

"Final Availability Date" means the 23 July 2025 or any other later date agreed between the parties in writing provided that the EU Guarantee continues to apply to each Tranche being disbursed."

- (f) Article 1.04B (Second and Subsequent Tranches) of the Finance Contract shall read as follows:

"1.04B Second and Subsequent Tranches

- (a) *The disbursement of each Tranche under Article 1.02 following the first (except for the disbursement of Tranches related to the financing of COVID19 Specific Sub-Projects), is conditional upon receipt by the Bank, in form and substance satisfactory to it, on or before the date falling 7 (seven) Business Days before the Scheduled Disbursement Date, evidence demonstrating that at least 50% (fifty per cent.) of the proceeds of all previously disbursed Tranches have been paid to Final Beneficiaries, or that at least 80% (eighty per cent.) of the proceeds of all previously disbursed Tranches is allocated to the eligible Sub-Projects.*
- (b) *The disbursement under Article 1.02 of each Tranche related to the financing of COVID19 Specific Sub-Projects is conditional upon that the aggregate amount of all previously disbursed Tranches related to the financing of COVID19 Specific Sub-Projects and the Tranche to be disbursed related to the financing of COVID19 Specific Sub-Projects does not exceed EUR 50,000,000.00 (fifty million euros).*
- (c) *The disbursement under Article 1.02 of Tranches related to the financing of COVID19 Specific Sub-Projects, is conditional upon receipt by the Bank, in form and substance satisfactory to it, on or before the date falling 7 (seven) Business Days before the Scheduled Disbursement Date, evidence demonstrating that at least 50% (fifty per cent.) of the proceeds of all previously disbursed Tranches related to the financing of COVID19 Specific Sub-Projects have been paid or committed to be paid to Final Beneficiaries or the relevant contractors/suppliers, or that at least 80% (eighty per cent.) of the proceeds of all previously disbursed Tranches related to the financing of COVID19 Specific Sub-Projects is allocated to the eligible COVID19 Specific Sub-Projects. However, such requirement does not apply for the disbursement of the first Tranche related to the financing of COVID19 Specific Sub-Projects, if such disbursement is made before 30 June 2021."*
- (g) Point (a) of Article 1.04C (All Tranches) of the Finance Contract shall read as follows:

"1.04C All Tranches

The disbursement of each Tranche under Article 1.02, including the first, is subject to the following conditions:

- (a) *that the Bank has received in form and substance satisfactory to it, on or before the date falling 7 (seven) Business Days before the Scheduled Disbursement Date for the proposed Tranche, the following documents or evidence:*
- (i) *except for Tranches related to the financing of COVID19 Specific Sub-Projects, evidence demonstrating that the borrowing of the total amount of all Tranches disbursed during the current fiscal year, including the Tranche the disbursement of which is requested, has been approved in the budget for the current fiscal year of the Borrower;*

- (ii) except for Tranches related to the financing of COVID19 Specific Sub-Projects, evidence demonstrating that, following drawdown of the relevant Tranche, the amount of the Loan will not exceed the aggregate eligible expenditure incurred or forecasted to be allocated in respect of the Project within six months of the relevant Disbursement Offer;
- (iii) a certificate from the Borrower in the form of Schedule C.2;
- (iv) except for Tranches related to the financing of COVID19 Specific Sub-Projects, if a Sub-Project to which the Tranche being disbursed relates is also being financed by an IFI, evidence that the Borrower has drawn or may draw funding under that IFI's Loan Agreement (responsible authority – Ministry of Finance of Ukraine);
- (v) evidence of the authority of the person or persons authorised to sign Disbursement Acceptances and the authenticated specimen signature of such person or persons;
- (vi) except for Tranches related to the financing of COVID19 Specific Sub-Projects, evidence that all Authorisations necessary to proceed with the implementation of each Sub-Project being financed by the Tranche sought in the Disbursement Offer have been received and that, to the satisfaction of the Bank, all necessary authority and powers to operate each Sub-Project being financed and all necessary Authorisations in connection with the Contract, have been received;
- (vii) a copy of any other authorisation or other document, opinion or assurance which the Bank has notified the Borrower is necessary or desirable in connection with the entry into and performance of, and the transactions contemplated by, this Contract or the validity and enforceability of the same;
- (viii) evidence of the payment of any fees or charges which have become due to be paid by the Borrower under this Contract (if any);
- (ix) the Bank being satisfied that appropriate technical support in accordance with the terms of reference and personnel as approved by the Bank supporting the PMSU and the Final Beneficiaries is in place or will be acquired from the Tranche to which the disbursement relates or other committed funding sources;
- (x) evidence that each disbursement being made is justifiable by reference to the funding requirements of the most up-to-date disbursement schedule provided by the Borrower to the Bank pursuant to Article 6.05(h)(vi); and
- (xi) only in case of the Tranches related to the financing of COVID19 Specific Sub-Projects, in respect of each Sub-Project proof of endorsement by the Ministry of Health of Ukraine, being the competent authority in charge of COVID19 pandemic response in Ukraine."

(h) **Article 1.10A (Allocation Request)** of the Finance Contract shall read as follows:

"1.10A Allocation Request

Between the date hereof and 23 July 2024 the Borrower may submit to the Bank a request for allocation (the "Allocation Request"). The period for the submission of an Allocation Request may be extended with the written agreement of the Parties by a maximum of twelve months."

The Loan may solely be allocated to Sub-Projects identified as eligible for financing in the Technical Description. In order for a Sub-Project to qualify for financing hereunder, the Borrower must comply with the allocation procedure (the "Allocation Procedure") under this Article 1.10, and with allocation undertakings under this Article 1.10A.

The Bank's funds will be allocated to Sub-Projects which have been approved by the Steering Committee and the Bank and:

- (a) for which the Bank is satisfied there is sufficient information available on the Sub-Project; and

- (b) which the Bank is satisfied fulfils the standards and eligibility requirements set out in the PPM.

The Borrower shall provide together with each Allocation Request the following documents or evidence:

- (i) evidence that the Final Beneficiary to which funds are proposed to be allocated has established a PIU to manage the implementation and monitoring of the Sub-Project;
- (ii) for Sub-Projects requiring an environmental impact assessment ("EIA") under Ukrainian or any applicable EU legislation, evidence that the EIA has been finalised and approved by any necessary and competent authority;
- (iii) for Sub-Projects with potential or likely impact on a site of nature conservation importance that is protected under national legislation or international agreements, documentary evidence in the Bank's standard forms and satisfactory to the Bank of the opinion of the competent authority for nature conservation that no part of the proposed Sub-Project will have a significant negative impact on the site on which the Sub-Project will be carried out; and
- (iv) for COVID19 Specific Sub-Projects, proof of endorsement by the Ministry of Health of Ukraine, being the competent authority in charge of COVID19 pandemic response in Ukraine.

The Borrower shall provide the Bank with any additional information regarding the Sub-Projects as the Bank, at its own discretion, may request.

- (i) The first paragraph of Article 1.11A (Reallocation at the request of the Borrower) of the Finance Contract shall read as follows:

"1.11A Reallocation at the request of the Borrower

The Borrower may, by request in writing to the Bank, which shall include reasons thereof, and not be received later than 31 December 2024, propose to reallocate in accordance with Article 1.10 any part of the Loan which has been allocated but not spent by the Borrower on a Sub-Project or made available in full, directly or indirectly, by the Borrower to the relevant Final Beneficiaries. The period for the submission of a re-allocation proposal may be extended with the written agreement of the Parties by a maximum of twelve months."

- (j) Items (iii), (iv) and (v) of point (b) of Article 4.01A (Repayment by instalments) of the Finance Contract shall read as follows:

"(iii) for a Tranche financing Type 1 Sub-Projects or any other costs eligible for payment by the Bank in accordance with the Technical Description, or Type 1 Sub-Projects cumulatively with the costs for establishment and functioning of the PMSU:

- (A) the first repayment date of each Tranche shall be a Payment Date falling not earlier than 60 days from the Scheduled Disbursement Date and not later than the Payment Date immediately following the third anniversary of the Scheduled Disbursement Date of the Tranche; and
- (B) the last repayment date of each Tranche shall be a Payment Date falling not earlier than 4 (four) years and not later than 15 (fifteen) years from the Scheduled Disbursement Date;

(iv) for a Tranche financing Type 2 Sub-Projects or Type 2 Sub-Projects cumulatively with the costs for establishment and functioning of the PMSU:

- (A) the first repayment date of each Tranche shall be a Payment Date falling not earlier than 60 days from the Scheduled Disbursement Date and not later than the Payment Date immediately following the fifth anniversary of the Scheduled Disbursement Date of the Tranche; and
- (B) the last repayment date of each Tranche shall be a Payment Date falling not earlier than 4 (four) years and not later than 22 (twenty-two) years from the Scheduled Disbursement Date;

- (v) for a Tranche financing Type 3 Sub-Projects or Type 3 Sub-Projects cumulatively with the costs for establishment and functioning of the PMSU:
- (A) the first repayment date of each Tranche shall be a Payment Date falling not earlier than 60 days from the Scheduled Disbursement Date and not later than the Payment Date immediately following the eighth anniversary of the Scheduled Disbursement Date of the Tranche; and
 - (B) the last repayment date of each Tranche shall be a Payment Date falling not earlier than 4 (four) years and not later than 30 (thirty) years from the Scheduled Disbursement Date."
- (k) Point (b) of **Article 4.01A** (Repayment by instalments) of the Finance Contract shall be supplemented by the following item (vi):
- "(vi) for a Tranche financing COVID19 Specific Sub-Projects or COVID19 Specific Sub-Projects cumulatively with the costs for establishment and functioning of the PMSU:
- (A) the first repayment date of each Tranche shall be a Payment Date falling not earlier than 60 days from the Scheduled Disbursement Date and not later than the Payment Date immediately following the third (3^d) anniversary of the Scheduled Disbursement Date of the Tranche; and
 - (B) the last repayment date of each Tranche shall be a Payment Date falling not earlier than 4 (four) years and not later than 15 (fifteen) years from the Scheduled Disbursement Date."
- (l) The first sentence of Article 6.04 (Procurement Procedure) of the Finance Contract shall read as follows:
- "6.04 Procurement procedure**
- The Borrower:
- (a) shall procure, except in case of COVID19 Specific Sub-Projects, that each Final Beneficiary will purchase equipment, secure services and order works for each Sub-Project by acceptable procurement procedures complying, to the Bank's satisfaction, with its policy and standards as described in its Guide to Procurement and as set out in the PPM;
 - (b) shall procure in case of COVID19 Specific Sub-Projects, that equipment is purchased, services are secured and works are ordered for each Sub-Project (i) by acceptable procurement procedures complying, to the Bank's satisfaction, with its policy and standards as described in its Guide to Procurement and as set out in the PPM; or (ii) by the UNOPS, UNDP or another entity acceptable to the Bank that has concluded a procedural framework agreement with the Bank (the "Entity"), in accordance with the provisions of (A) an agreement to be entered into between the Borrower and the relevant Entity in relation with the COVID19 Specific Schemes; and (B) a project implementation agreement (or similar instrument) to be entered into between the Bank and the relevant Entity (in which case, for the avoidance of doubt, the Borrower shall pay a fee for the services provided and such fee is eligible cost under the COVID19 Specific Sub-Projects);
 - (c) shall procure that each Final Beneficiary shall:
 - (i) permit independent observers to visit its premises during all stages of tendering; and
 - (ii) grant the right of the Bank in connection with the tendering of each Sub-Project, to:
 - (A) review the evaluation reports prior to their approval by the relevant evaluation committees; and
 - (B) prescribe the venue of the tender evaluations and the manner of the receipt and storage of the bids; and

- (d) shall procure that each Final Beneficiary will ensure that all contracts under a Sub-Project to be procured after the Date of Effectiveness provide for:
- (i) the requirement that the relevant contractor promptly informs the Bank and the Borrower of a genuine allegation, complaint or information with regard to Prohibited Conducts related to the Sub-Project;
 - (ii) the requirement that the relevant contractor keeps books and records of all financial transactions and expenditures in connection with the Sub-Project; and
 - (iii) the Bank's right, in relation to an alleged Prohibited Conduct, to review the books and records of the relevant contractor in relation to the Sub-Project and to take copies of documents to the extent permitted by law."
- (m) The first sentence of Article 6.05 (Continuing Project undertakings) of the Finance Contract shall read as follows:
- "6.05 Continuing Project undertakings**
- The Borrower shall, and shall procure that the Final Beneficiaries will (for the avoidance of doubt, to the extent such requirement may apply to the relevant Sub-Project on the basis of the specific characteristics of the different type of Sub-Projects): [...]"
- (n) Point (h) of Article 6.05 (Continuing Project undertakings) of the Finance Contract shall be supplemented by the following items (xiii)-(xiv):
- "(xiii) in respect of each COVID19 Specific Sub-Project, submit to the Bank at the end of the implementation period of the relevant Sub-Project comprehensive inventory of all CAPEX items financed from the proceeds of the Loan (for the avoidance of doubt, the external costs of the preparation of the inventory are eligible costs under the COVID19 Specific Sub-Projects):
- (xiv) only in case of the Tranches related to the financing of vaccines and vaccination campaigns against COVID-19 in the form of COVID19 Specific Sub-Projects:
- (1) use the Loan to cover expenses related to the procurement of the Approved Vaccines;
 - (2) inform the Bank regarding any development in relation to the support and engagement of the Government of the Borrower in COVID-19 vaccine advanced purchase agreements with any individual manufacturer and/or in global initiatives such as the "Access to COVID-19 Tools (ACT) Accelerator" or COVAX;
 - (3) send to the Bank any update of the National COVID-19 Emergency Preparedness and Response Plan; and
 - (4) if and when it becomes available, share with the Bank the statistical model for the pandemic evolution and all other assumptions used to define the actions in the National Plan for Preparedness and Response to the COVID-19 pandemic."
- (o) Schedule A (Project Specification and Reporting) of the Finance Contract shall read as set out in the Annex I to this Amendment Letter.
- (p) Schedule B (Definition of EURIBOR) of the Finance Contract shall be replaced by the wording set out in Annex II of this Amendment Letter.
- (q) Any reference to the "Ministry of Regional Development" in the Finance Contract shall be replaced by reference to the "Ministry for Communities and Territories Development of Ukraine".

For the avoidance of doubt, all other provisions of the Finance Contract:

- (i) remain in full force and effect and valid; and
- (ii) apply, without any reservations, waivers or limitations despite the amendments set out herein.

2. General

The provisions of Article 11.01 (*Governing law*) and Article 11.02 (*Jurisdiction*) of the Finance Contract are hereby incorporated into, and made a part of, this Amendment Letter as if fully contained herein, *mutatis mutandis* and (without prejudice to the generality thereof) as if reference therein to "this Contract" were to this Amendment Letter.

The agreement of the parties contained in this Amendment Letter shall only apply to the matters specifically referred to herein. Such agreement shall be without prejudice to any rights which the Bank or the Borrower may now or hereafter have in relation to any other circumstances or matters other than the issues as specifically referred to herein (and whether subsisting on the date hereof or otherwise).

No amendment fees will be charged by the Bank for the amendments set out in this Amendment Letter.

Please indicate your agreement to the above by initialling each page of this Amendment Letter, and countersigning and dating each of the four originals of this Amendment Letter. Please then arrange for the return of two duly signed originals to the Bank by registered mail or courier, together with copies of the signing authorities of those persons signing on behalf of the Borrower, marked for the attention of Ms. Darya Spivak.

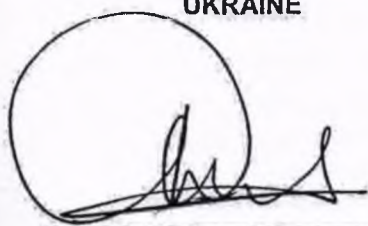
The amendments set out in this Amendment Letter shall become effective on the date (the "Effectiveness Date") on which the Bank notifies to the Borrower in writing that it has received (a) originals of this Amendment Letter countersigned by the Borrower together with the copies of the signing authorities and specimen signature of those persons signing on behalf of the Borrower and (b) an evidence that this Amendment Letter has been duly ratified, if required under the laws of Ukraine, by Verkhovna Rada of Ukraine.

Yours faithfully,

EUROPEAN INVESTMENT BANK

Signed for and on behalf of

UKRAINE

A handwritten signature in black ink, consisting of a large circular loop followed by several horizontal strokes.

Denys Anatoliyovych Shmyhal
Prime Minister

Signed for and on behalf of

EUROPEAN INVESTMENT BANK

A handwritten signature in black ink, featuring a series of connected loops and a final horizontal stroke.

Werner Hoyer
President

Project Specification and Reporting

A.1. TECHNICAL DESCRIPTION

Purpose, Location

The Project "Ukraine Municipal Infrastructure Programme" (UMIP) is a multi-sector investment project to the Borrower, acting through the Ministry for Communities and Territories Development of Ukraine for on-lending to Final Beneficiaries to implement:

- (A) municipal infrastructure projects that aim to rehabilitate and upgrade, or minimise deterioration of, Municipal Infrastructure in Ukraine in order to improve substantially energy efficiency in rehabilitated facilities and to contribute to Ukraine's energy security, reduction of energy and water losses, improvement of solid waste management services, district heating, municipal lighting, water supply (including hot and cold water as well as drinking water and water for other uses) and sanitation and generally to improve the safety and quality of services provided (including undertaking new construction, reconstruction, modernisation and other types of works); and
- (B) projects related to the combat against the COVID-19 pandemic.

The Final Beneficiaries will be central governmental bodies of the Borrower, its local state administrations, bodies of local self-government and state and communal enterprises including enterprises which have majority state or communal participation. The Bank will limit its support to Sub-Projects in the areas under the control of the Government of the Borrower.

Description

The following table sets out a non-comprehensive list of examples of the types of works that are primarily targeted within the sectors eligible for this framework facility:

| Sector | Activity |
|-----------------------------|---|
| District heating | New construction (rehabilitating existing district heating systems), reconstruction, capital repairs, modernisation, replacement and other types of works targeting the replacement / rehabilitation of combined heat and power plants, heat generation devices (including boilers and heat pumps), distribution networks (heat and hot water), pipelines, substations, heat exchangers, automated control systems, temperature regulators and metering devices and decommissioning redundant elements. |
| Water supply and sanitation | New construction, reconstruction, capital repairs, modernisation, replacement and other types of works targeting rehabilitation of water supply systems (hot water, cold water, drinking water) and energy efficiency in water systems, repair and upgrading of water and wastewater networks and pumping stations, urgent public health and phased environmental compliance measures including wastewater treatment and sludge management. |
| Municipal energy efficiency | Energy efficiency of state or communal administrative buildings and social buildings (social infrastructure facilities), including refurbishment of building envelopes, lighting systems, heat ventilation and air-conditioning systems (HVAC) systems and installation of modern heat supply instruments. |

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| Municipal lighting | New construction, reconstruction, capital repairs, modernisation, replacement and other types of works targeting the rehabilitation and improvement of energy efficiency of public (outdoor) and traffic lighting including the refurbishment of lamps, support structures, cabling, wiring, power supply systems and automated regulation. |
| Solid waste | Procurement of containers and collection vehicles for non-hazardous household, commercial and industrial waste collected by or on behalf of municipalities, including separate collection of recyclable materials and bio-waste. New construction, reconstruction, capital repairs, extension of: transfer stations; waste treatment facilities; and sanitary landfills. Closure and rehabilitation of old landfills and dumpsites. |
| <u>Health care COVID19 Specific¹</u> | <p>1) <u>Construction activity linked to the crisis, such as conversion of public buildings into health care facilities, increase intensive care unit capacity for patients with respiratory diseases (respiration equipment etc.), lab capacities for testing, IT and other equipment and software for logistics, stockpiling, transport, surveillance, etc.</u></p> <p>2) <u>Equipment and consumables (protective materials and equipment, hygiene and disinfection measures) purchased to tame the pandemic of COVID-19 in line with the relevant national pandemic or civil protection / disaster plans with the eligibility starting as of 12 March 2020.</u></p> <p>3) <u>Vaccines and vaccination campaigns against COVID-19.</u></p> |

This table may be modified at any time by written agreement between the Parties in accordance with the procedure set out in Article 11.06 (Amendments).

The loan can, with the prior consent of the Bank, also be utilized to finance the establishment and functioning of the PMSU as well as contracts with consultants and experts, appointed to support (i) the management, co-ordination, monitoring, planning of the investment programme and (ii) preparation, design, supervision and implementation of Sub-Projects.

An indicative pipeline of Sub-Projects will be updated regularly by the programme management support unit of the Ministry for Communities and Territories Development of Ukraine, except for the COVID19 Specific Sub-Projects, which will be updated regularly by the Ministry of Health of Ukraine.

The proposals selected for project preparation will need to demonstrate a significant contribution to energy efficiency, protecting/improving environment and health, promoting sustainable use of natural resources, and/or enhancing the urban environment. Sub-Projects shall use best available technologies.

¹ Full list of eligible expenditure includes: (1) Medical and non-medical equipment (including ventilators, lab equipment, home care equipment); (2) Works to convert facilities into emergency and intensive care units (installation of medical gases, power supply, water/sewage, waste management, etc.); (3) Mobile units (container hospitals, mobile diagnostics and sterilisation units); (4) Reconfiguration of healthcare services (temporary single specialty facilities for COVID-19 treatment, removal cost etc.); (5) Supplies and consumables of all kinds (single and multi-use); (6) Staff costs: User and in-service training and salaries for researchers; (7) Vehicles and transport equipment, and transport costs; (8) Emergency maintenance and repairs of equipment and buildings; (9) IT and telecommunication systems and equipment (surveillance, diagnostics, modelling); (10) Fees/payments for contracting-in of private hospital facilities and service providers for epidemiological, clinical and support services (e.g. private hospital beds, equipment rental, diagnostic services); (11) Supply chain management and warehousing / storage facilities (including OPEX, e.g. rent); (12) Drugs supply and production (especially if successful off-label treatment with already available drugs can be demonstrated); (13) Research activities focused on SARS-CoV-2 (fundamental and applied research: virus structure, vaccines, drugs) or COVID-19 (diagnostic and treatment strategy, disease management); (14) other purchases similar in nature or purpose to the described categories will be eligible, if authorised by the Bank.

Calendar

The allocations of Sub-Projects for on-lending under this Contract are expected to be completed until 23 July 2024.

For the purposes of this operation Sub-Project construction periods are expected as follows: (1) up to 3 years for waste management, public lighting and COVID19 Specific Sub-Projects; (2) up to 5 years for district heating and building renovation and (3) up to 8 years for water sector investments.

The Sub-Projects are expected to be completed by no later than 31 December 2026.

Eligibility Criteria

Sub-Projects eligible for financing shall meet the Bank's eligibility criteria. Detailed eligibility criteria shall be defined in the PPM to be approved by the Borrower, in form and substance satisfactory to the Bank.

The eligibility criteria will include a requirement on the Borrower to verify the compliance of the Final Beneficiaries and Sub-Projects with the relevant and applicable Bank's policies and guidelines. All Sub-Projects shall be technically, economically and financially viable and sustainable, comply with the Bank's environmental and social standards (to the extent applicable for the relevant Sub-Project category), and undertaken in accordance with the Bank's Guide to Procurement. The COVID19 Specific Sub-Projects shall also comply with the relevant national COVID response plan of Ukraine.

The eligibility of Sub-Projects for EIB financing will be checked by the Bank at the allocation stage against the detailed criteria defined in the PPM.

To be eligible for funding under this Contract, and to the extent such requirements may be applicable for the relevant Sub-Project category, the Sub-Projects shall comply with the applicable environmental acquis set out in Annex XXX and Annex XXXI to Chapter 6 (Environment) of Title V to the EU-Ukraine Association Agreement as well as the acquis on energy set out in Annex XXVII to Chapter 1 of the EU-Ukraine Association Agreement and in the Energy Community Treaty, including Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 once included in the acquis, as well as other environmental directives of the European Union with which compliance is necessary to ensure observance with the Bank's environmental policies from time to time.

General exclusions:

The following costs will not be eligible for Bank financing: VAT and other taxes and duties, land acquisition, purchase of buildings, maintenance and other operating costs, acquisition of second-hand assets, interest during construction, purchase of licences for the use of non-generated public resources (e.g. telecom licences), patents, brands and trademarks. Pure financial transactions are not eligible.

Excluded Sectors:

- Manufacture and distribution of weapons and ammunition, arms and military equipment
- Manufacture and distribution of tobacco or alcohol products
- Gambling and betting activities
- Detention facilities e.g. prisons, police stations, schools with custodial functions.
- Sectors and activities with a strong ethical dimension considered to carry significant reputation risk

Particular categories of investment schemes excluded from the Loan:

- Schemes in sectors other than those mentioned in the technical description;
- Schemes outside the Project geographic scope described in technical description.

A.2. LOAN ALLOCATION AND MONITORING PROCEDURES

Detailed allocation and monitoring procedures shall be defined in the Programme Procedures Manual (PPM) to be reviewed and endorsed by the Steering Committee and adopted by the Ministry for Communities and Territories Development of Ukraine, in form and substance satisfactory to the Bank.

The Bank's funds will be allocated according to the Sub-Project size in line with the Bank's applicable procedures:

- (a) Eligible Sub-Projects with a total investment cost up to and including EUR 50 million shall be submitted ex-ante to the Bank for approval before funding. The Bank will have the right to ask for additional information; partial or in-depth appraisal of the scheme by the Bank may be undertaken, if judged necessary.
- (b) Eligible Sub-Projects with a cost above EUR 50 million are to be treated, in principle, like separate loans and appraised separately by the Bank's services. Sub-Projects will be subject to approval before disbursement of the Bank's funds to the Borrower. The Borrower shall provide documentation requested by the Bank, at its discretion, as individually indicated by the Bank to the Borrower.

All information shall be provided in English to the Bank in an electronic form, templates, tables and spreadsheets.

The Bank shall reserve the right to review at mid-term the allocation procedures in view of the development of the operation with the Borrower.

In addition to the above, for each COVID19 Specific Sub-Project, the Bank has to be presented:

- (1) at the time of the submission of each Allocation Request proof of endorsement by the Ministry of Health of Ukraine, being the competent authority in charge of COVID19 pandemic response in Ukraine; and
- (2) at the end of the implementation period of the relevant Sub-Project comprehensive inventory of all CAPEX items financed from the proceeds of the Loan, and an independently audited expenditure report.

A.3. PROJECT INFORMATION TO BE SENT TO THE BANK AND METHOD OF TRANSMISSION

1. Dispatch of information: designation of the person responsible

The information below has to be sent to the Bank under the responsibility of:

| | Financial Contact | Technical Contact (except for COVID19 Specific Sub-Projects) | Technical Contact for COVID19 Specific Sub-Projects |
|---|--|--|--|
| Company | Ministry of Finance of Ukraine | Ministry for Communities and Territories Development of Ukraine (previously Ministry of Regional Development, Construction, Housing and the Municipal Services of Ukraine) | Ministry of Health of Ukraine |
| Contact person | Mr Oleksandr Kava | Mr Vasyl Lozynskyi | Mr. Ihor Ivashchenko |
| Title | Deputy Minister | First deputy Minister | Deputy Minister for European Integration |
| Function / Department financial and technical | Department of International Financial Projects | Department of Communal Services and Communal Utilities | Directorate of International Cooperation and European Integration |
| Address | 12/2 Hrushevskoho Street Kyiv 01008 Ukraine | 9 Velyka Zhytomyrska Kyiv 01601 Ukraine | 7 Hrushevskoho Street Kyiv 01601 Ukraine |
| Phone | Tel. + 38 044 206 5948 Tel. + 38 044 277 5482 | Tel. +38 044 284 0525 Tel. +38 044 207 1850 | Tel. + 38 044 200 0792 |
| Fax | + 38 044 425 9026 + 38 044 277 5487 | +38 044 278 8390 | Tel. + 38 044 253 6194 |
| Email | kava@minfin.gov.ua ifisdepartment@minfin.gov.ua | LozynskyiVM@minregion.gov.ua VedmidAS@minregion.gov.ua p.pakholko@umip-pmsu.org | Ihor.ivashchenko@moz.gov.ua |

The above-mentioned contact person(s) is (are) the responsible contact(s) for the time being.

The Borrower shall inform the EIB immediately in case of any change.

2. Information on specific subjects

The Borrower shall deliver to the Bank the following information at the latest by the deadline indicated below.

| Document / information | Deadline |
|------------------------|----------|
| n.a. | |
| ... | |

3. Information on the project's implementation

The Borrower shall deliver to the Bank the following information on Project progress during implementation at the latest by the deadline indicated below.

| Document / information | Deadline | Frequency of reporting |
|--|--|------------------------|
| <p>Progress Report on the implementation of the operation, including the status of progress on the Sub-Projects allocated to the loan:</p> <ul style="list-style-type: none">- A brief update on the allocation process, explaining the reasons for significant changes vs. initial scope;- A brief update on the effectiveness of technical assistance and identification of further technical assistance requirements;- Update on the date of completion of each of the main Sub-Projects, explaining reasons for any possible delay;- Update on the costs of the Sub-Projects, explaining reasons for any possible cost variations vs. initial budgeted cost;- A description of any major issue with social or environmental impacts;- Update on procurement procedures;- Update on the Sub-Projects' demand or usage;- Comment on any significant issues or risks that may affect the Sub-Projects' operation;- Comment on any legal actions concerning the Sub-Projects that may be on-going. | Starting 6 months after contract signature | Quarterly |

4. Information on the end of works and first year of operation

The Borrower shall deliver to the Bank the following information on Project completion and initial operation at the latest by the deadline indicated below.

| Document / information | Date of delivery to the Bank |
|---|-------------------------------------|
| <p>Completion Report on the operation, including information on the completion or progress on the Sub-Projects allocated to the loan:</p> <ul style="list-style-type: none">- A final description of the allocation process as completed, explaining the reasons for any significant change compared to the initial scope;- The date of completion of each of the Sub-Projects, explaining reasons for any possible delay;- The final cost of the Sub-Projects, explaining reasons for any possible cost variations vs. initial budgeted cost;- Employment effects of the Sub-Projects: person-days required during implementation as well as permanent new jobs created;- A description of any major issue with social or environment impacts;- Update on procurement procedures;- Update on the Sub-Projects' demand or usage;- Comments on any significant issue or risk that may affect the Sub-Project's operation;- Comments on any legal actions concerning the Sub-Projects that may be on-going.- Update on the monitoring indicators (as defined in the PPM) | 15 months after completion of works |

5. Information required 3 years after the Project Completion Report

The Borrower shall deliver to the Bank the following information 3 years after the Project completion report at the latest by the deadline indicated below.

| Document / information | Date of delivery to the Bank |
|---|------------------------------|
| Update on the Monitoring Indicators (as defined in the PPM) | |

| | |
|---------------------|---------|
| Language of reports | English |
|---------------------|---------|

Definitions of EURIBOR

EURIBOR

"EURIBOR" means:

- (a) in respect of a relevant period of less than one month, the Screen Rate (as defined below) for a term of one month;
- (b) in respect of a relevant period of one or more months for which a Screen Rate is available, the applicable Screen Rate for a term for the corresponding number of months; and
- (c) in respect of a relevant period of more than one month for which a Screen Rate is not available, the rate resulting from a linear interpolation by reference to two Screen Rates, one of which is applicable for a period next shorter and the other for a period next longer than the length of the relevant period,

(the period for which the rate is taken or from which the rates are interpolated being the "Representative Period").

For the purposes of paragraphs (a) to (c) above:

- (i) "available" means the rates, for given maturities, that are calculated and published by Global Rate Set Systems Ltd (GRSS), or such other service provider selected by the European Money Markets Institute (EMMI), or any successor to that function of EMMI, as determined by the Bank; and
- (ii) "Screen Rate" means the rate of interest for deposits in EUR for the relevant period as published at 11:00 a.m., Brussels time, or at a later time acceptable to the Bank on the day (the "Reset Date") which falls 2 (two) Relevant Business Days prior to the first day of the relevant period, on Reuters page EURIBOR 01 or its successor page or, failing which, by any other means of publication chosen for this purpose by the Bank.

If such Screen Rate is not so published, the Bank shall request the principal offices of four major banks in the euro-zone, selected by the Bank, to quote the rate at which EUR deposits in a comparable amount are offered by each of them, as at approximately 11:00 a.m., Brussels time on the Reset Date to prime banks in the euro-zone interbank market for a period equal to the Representative Period. If at least 2 (two) quotations are provided, the rate for that Reset Date will be the arithmetic mean of the quotations. If no sufficient quotations are provided as requested, the rate for that Reset Date will be the arithmetic mean of the rates quoted by major banks in the euro-zone, selected by the Bank, at approximately 11:00 a.m., Brussels time, on the day which falls 2 (two) Relevant Business Days after the Reset Date, for loans in EUR in a comparable amount to leading European banks for a period equal to the Representative Period. The Bank shall inform the Borrower without delay of the quotations received by the Bank.

All percentages resulting from any calculations referred to in this Schedule will be rounded, if necessary, to the nearest one thousandth of a percentage point, with halves being rounded up.

If any of the foregoing provisions becomes inconsistent with provisions adopted under the aegis of EMMI (or any successor to that function of EMMI as determined by the Bank) in respect of EURIBOR, the Bank may by notice to the Borrower amend the provision to bring it into line with such other provisions.

If the Screen Rate becomes permanently unavailable, the EURIBOR replacement rate will be the rate (inclusive of any spreads or adjustments) formally recommended by (i) the working group on euro risk-free rates established by the European Central Bank (ECB), the Financial Services and Markets Authority (FSMA), the European Securities and Markets Authority (ESMA) and the European Commission, or (ii) the European Money Market Institute, as the administrator of EURIBOR, or (iii) the competent authority responsible under Regulation (EU) 2016/1011 for supervising the European Money Market Institute, as the administrator of the EURIBOR, or (iv) the national competent authorities designated under Regulation (EU) 2016/1011, or (v) the European Central Bank.

If no Screen Rate and/or the EURIBOR replacement rate is available as provided above, EURIBOR shall be the rate (expressed as a percentage rate per annum) which is determined by the Bank to be the all-inclusive cost to the Bank for the funding of the relevant Tranche based upon the then applicable internally generated Bank reference rate or an alternative rate determination method reasonably determined by the Bank.