
LOAN NUMBER 9877-UA

Loan Agreement

**(Additional Financing to the Supporting Reconstruction through Smart Fiscal
Governance (SURGE) Program)**

between

UKRAINE

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

LOAN NUMBER 9877-UA

LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between UKRAINE (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) for the purpose of providing additional financing for activities related to the program as further described in Schedule 1 to this Agreement (“Program”).

WHEREAS:

- (A) under a loan agreement dated November 13, 2024, between the Borrower and the Bank (“Original Loan Agreement”), the Bank agreed to provide to the Borrower a loan in an amount of four hundred fifty million United States Dollars (\$450,000,000) to assist in financing the program described in Schedule 1 to the Original Loan Agreement (“Original Program”);
- (B) under a financing agreement dated November 13, 2024, between the Borrower and the International Development Association (“Association”) (“Financing Agreement”), the Association agreed to provide to the Borrower a credit in an amount of three hundred million United States Dollars (\$300,000,000) to assist in financing the Original Program; and
- (C) following an international effort to provide development support to Ukraine and having satisfied itself as to the feasibility and priority of the Program, the Borrower has requested the Bank to extend an additional financing Loan to assist in the financing of the Program.

The Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

- 2.01. The Bank agrees to lend to the Borrower the amount of two hundred forty-six million five hundred fifty thousand United States Dollars (\$246,550,000) (“Loan”) to assist in financing the Program.

- 2.02. The Loan is to be guaranteed by and is subject to the Credit Enhancement denominated in the Loan Currency. Accordingly, Currency Conversion shall not be permitted in respect of this Loan, and the provisions of the General Conditions relating to Currency Conversion, including the provisions of Article IV, shall not apply to this Loan.
- 2.03. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement. All withdrawals from the Loan Account shall be deposited by the Bank into an account specified by the Borrower and acceptable to the Bank.
- 2.04. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.
- 2.05. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.06. The interest rate is the Reference Rate plus the Variable Spread; or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.
- 2.07. The Payment Dates are March 15 and September 15 in each year.
- 2.08. The principal amount of the Loan shall be repaid in accordance with Section 3.03 of the General Conditions and Schedule 3 to this Agreement.

ARTICLE III — PROGRAM

- 3.01. The Borrower declares its commitment to the objectives of the Program. To this end, the Borrower, through the Ministry of Finance ("MoF"), shall carry out the Program in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

- 4.01. The Additional Condition of Effectiveness consists of the following, namely, that the Borrower, through the MoF, has hired at least one (1) social and environmental specialist for the PIU under terms of reference satisfactory to the Bank.
- 4.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.
- 4.03. For purposes of Section 9.05(b) of the General Conditions, the date on which the obligations of the Borrower under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the Signature Date.

- 4.04. Without limitation to Section 10.02(b) of the General Conditions, any modification to this Agreement shall be executed by written instrument agreed by the parties hereto. Such amendment shall become effective as set forth in the amending agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

- 5.01. The Borrower's Representative is its Minister of Finance.

- 5.02. For purposes of Section 10.01 of the General Conditions:

- (a) the Borrower's address is:

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

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

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

- 5.03. For purposes of Section 10.01 of the General Conditions:

- (a) the Bank's address is:

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

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

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

AGREED as of the Signature Date.

UKRAINE

By



Authorized Representative

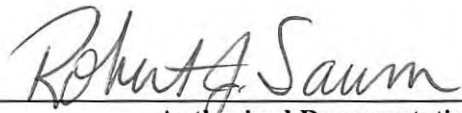
Name: Sergii Marchenko

Title: Minister of Finance

Date: September 12, 2025

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By



Authorized Representative

Name: Robert J. Saum

Title: Division Director

Date: September 12, 2025

SCHEDULE 1

Program Description

The objective of the Program is to establish the institutional foundations for implementation and financing of climate-smart recovery and reconstruction.

The Program consists of the following activities:

Results Area 1: Public Investment Management

Supporting the Borrower in the implementation of its Roadmap for Reforming the Public Investment Management System to develop an effective and efficient public investment management ("PIM") system, through:

- (a) developing a comprehensive PIM action plan;
- (b) strengthening strategic PIM planning at central and local levels through establishing single project pipeline;
- (c) improving institutional set up and coordination for PIM, including establishing centralized coordination mechanisms;
- (d) streamlining and simplifying PIM procedures and strengthening the regulatory framework for the PIM system to ensure compliance with standards;
- (e) introducing and implementing appraisal, selection, and prioritization processes for infrastructure projects, including integrating: (i) climate change and gender considerations; and (ii) regulations and guidelines for environmental impact assessment and disaster risk management into PIM practices and processes;
- (f) integrating standalone digital solutions for PIM, DREAM System, Prozorro, budgeting, and treasury IT systems; and
- (g) designing and implementing capacity building programs for the new PIM system.

Results Area 2: Local Public Financial Management

Strengthening the Borrower's public financial management ("PFM") at the local level, including:

- (a) strengthening public debt management to improve the capacity of local governments to manage debt and guarantees effectively;

- (b) reintroducing medium-term budgeting to improve the capacity of local government to efficiently allocate resources;
- (c) aligning budgets with gender-specific needs through strengthening gender analysis of budget proposals at the national and local levels;
- (d) introducing environmental impact assessment, with climate change considerations, to preparation of investment proposals at the local level;
- (e) enhancing guidelines for liability management at the local level, medium-term budgeting, gender and climate budgeting;
- (f) developing human resource management for public finance and public debt management;
- (g) improving transparency, accountability, and accessibility in PFM through reinstating and strengthening the disclosure of local budget documentation; and
- (h) developing IT system specifications for local budget planning.

Results Area 3: Local Fiscal Governance

Enhancing the alignment of intergovernmental transfers with service delivery and reconstruction needs, taking into account updated population data, disaggregated by gender.

Results Area 4: Revenue Administration

Supporting the Borrower in the implementation of reforms under the National Revenue Strategy 2030 to address inefficiencies in tax administration and compliance, including:

- (a) enhancing the quality of taxpayer services through taxpayer survey to gather feedback for improvements;
- (b) strengthening integrity and anti-corruption measures within the State Tax Service (“STS”) through updating action plan for the implementation of the Anti-Corruption Program of the State Tax Service for 2023-2025;
- (c) launching pilot project on implementation of tax compliance risk management approach; and
- (d) implementing an IT solution for processing data of the standard audit file.

SCHEDULE 2**Program Execution****Section I. Implementation Arrangements****A. Program Institutions**

1. The Borrower shall vest the overall responsibility for the implementation of the Program on its Ministry of Finance ("MoF") with the support from its Ministry of Economy, Environment and Agriculture ("MoE") and Ministry for Development of Communities and Territories ("MDCT"). To this end: (a) MoF shall be responsible for Program overall supervision, coordination, and support of Program implementation, monitoring, and evaluation of the Program; and (b) MoE and MDCT shall be responsible for undertaking the reforms and actions necessary to implement the Program.
2. Notwithstanding the provisions of paragraph 1 above, the Borrower, through MoF, shall:
 - (a) maintain, throughout the period of implementation of the Program, a steering committee ("Steering Committee") with terms of reference agreed with the Bank: (i) with composition, mandate, and resources satisfactory to the Bank; (ii) chaired by MoF; (iii) comprised of, *inter alia*, representatives of the MoE, MDCT, and other Borrower's relevant ministries and government agencies; and (iv) responsible for, *inter alia*, high-level interinstitutional coordination and strategic implementation overview function, as further described in the Operational Manual; and
 - (b) maintain, throughout the Program implementation, a Program Implementation Unit ("PIU") responsible for the implementation and monitoring of the Program, with composition, functions, staffing, facilities, and other resources satisfactory to the Bank and as further described in the Operational Manual.

B. Additional Program Implementation Arrangements**1. Program Action Plan**

The Borrower, through MoF, shall:

- (a) carry out the actions set forth in the Program Action Plan, or cause those actions to be carried out, in accordance with the schedule set out in the said Program Action Plan and in a manner satisfactory to the Bank;

- (b) except as the Bank and the Borrower shall otherwise agree in writing, not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the Program Action Plan, or any provision thereof; and
- (c) maintain, or cause to be maintained, policies and procedures adequate to enable it to monitor and evaluate the implementation of the Program Action Plan in a manner and substance satisfactory to the Bank.

2. Verification Agent

The Borrower, through MoF, shall:

- (a) maintain, at all times during the implementation of the Program, a verification agent (or agencies) having experience and qualifications in the relevant technical fields, and under terms of reference acceptable to the Bank (“Verification Agent”), to verify the data and other evidence supporting the achievement of the Disbursement Linked Results (“DLRs”) and to recommend corresponding payments to be made, as applicable; and
- (b) ensure that the Verification Agent: (i) carries out the verification process(es) in accordance with the Verification Protocols; and (ii) submits to the MoF and the Bank the corresponding verification reports in a timely manner and in form and substance satisfactory to the Bank.

C. Operational Manual

1. The Borrower, through MoF, shall ensure that the Program is carried out in accordance with the operational manual for the Program (the “Operational Manual”), in a manner and substance satisfactory to the Bank, which shall set forth the institutional, administrative, financial, technical, and operational guidelines and procedures for the implementation thereof, including: (a) the definition of the contours of Program activities, including results framework, overall budget, and detailed Program Expenditures; (b) the composition and terms of reference, satisfactory to the Bank, of the Steering Committee, as well as the Program’s intra- and inter-institutional arrangements, including delineation of roles and responsibilities, allocation of functions and decision-making powers at national and local levels; (c) the detailed environmental and social risk mitigation measures and documents for the Program; (d) the financial management protocols and standards applicable to the Program; (e) detailed guidelines for the administration of the Program proceeds, as well as the flow of funds; (f) procurement arrangements for the Program, the clear allocation of procurement responsibilities thereunder, including record keeping systems and corruption prevention and reporting mechanisms; (g) the protocols for reporting to the Bank on, and sharing the findings of, any case of fraud and corruption denounced and/or investigated

under the Program, in accordance with the Anti-Corruption Guidelines; (h) the Verification Protocols agreed with the Bank for evaluating the achievement of the DLIs and their respective DLRs, including the annual schedule therefor; (i) the criteria to assess sustainable procurement (to be incorporated into the Verification Protocols); (j) the implementation arrangements and allocation of responsibilities for the execution of/compliance with the Program Action Plan; (k) the grievance mechanism for the Program, as well as their associated protocols and procedures (including timelines) for addressing and reporting on grievance complaints; (l) monitoring and evaluation requirements, including verification systems for the Program; (m) internal and external audit requirements, including regular submissions of audit reports to the Bank; (n) quality assurance standards, protocols, and review mechanisms; and (o) any other technical and organizational arrangements and procedures as shall be required for the Program.

2. The Borrower, through MoF, shall refrain from materially and/or substantially amending, revising, waiving, voiding, abrogating, or suspending any provision of the Operational Manual, whether in whole or in part, without the prior written concurrence of the Bank.
3. In the event of any inconsistency between a provision of the Operational Manual and those of this Agreement, the provisions of this Agreement shall prevail.

Section II. Excluded Activities

The Borrower shall ensure that the Program excludes any activities which:

- A. in the opinion of the Bank, are: (1) likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people; and/or (2) included or referred to in the Exclusion List; or
- B. involve the procurement of: (1) works, estimated to cost seventy-five million United States Dollars (\$75,000,000) equivalent or more per contract; (2) goods, estimated to cost fifty million United States Dollars (\$50,000,000) equivalent or more per contract; (3) non-consulting services, estimated to cost fifty million United States Dollars (\$50,000,000) equivalent or more per contract; or (4) consulting services, estimated to cost twenty million United States Dollars (\$20,000,000) equivalent or more per contract.

Section III. Program Monitoring, Reporting and Evaluation

1. The Borrower, through MoF, shall furnish to the Bank each Program Report not later than one (1) month after the end of each calendar semester, covering the calendar semester.

2. Without limitation upon the provisions of Section 5.13 of the General Conditions and paragraph 6(c) of the Anti-Corruption Guidelines, the Borrower shall prepare or cause to be prepared periodic ACG Reports, in form and substance satisfactory to the Bank. The Borrower shall furnish, or cause to be furnished, each ACG Report to the Bank not later than one (1) month after the end of each calendar semester, covering the calendar semester.

Section IV. Withdrawal of Loan Proceeds

A. General

1. Without limitation upon the provisions of Article II of the General Conditions, the Borrower may withdraw the proceeds of the Loan in accordance with the Disbursement and Financial Information Letter for the Program, to: (a) finance Program Expenditures (inclusive of Taxes), on the basis of DLRs achieved by the Borrower, as measured against specific indicators (“Disbursement Linked Indicators” or “DLIs”); and (b) pay: (i) the Front-end Fee; (ii) each Interest Rate Cap or Interest Rate Collar premium; and (iii) interest and Commitment Charges; all as set forth in the table in paragraph 2 of this Part A.
2. The following table specifies each category of withdrawal of the proceeds of the Loan (including the Disbursement Linked Indicators as applicable) (“Category”), the Disbursement Linked Results for each Category (as applicable), and the allocation of the amounts of the Loan to each Category:

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Disbursement Formula	Amount of the Loan Allocated (expressed in USD)
(1) DLI #1: Public investment projects are aligned with strategic sustainable development priorities	DLR #1.1. (i): The Cabinet of Ministers has approved the PIM action plan that includes requirements for public investments to integrate climate change and energy efficiency considerations. DLR #1.1. (ii): MoE and MoF have	N/A	

	established and appointed core staff members of PIM.		
	DLR #1.2. (i): The Cabinet of Ministers has established the Strategic Investment Council ("SIC") as the sole authority for the approval of a single project pipeline of public investment project concepts. DLR #1.2. (ii): SIC approved a single project pipeline of public investment project concepts for 2025 budget based on prioritization criteria that include the alignment with strategic priorities and climate considerations, and MoF only included projects in the 2025 budget submission approved by SIC.	N/A	
	DLR #1.3. (i): The Cabinet of Ministers approved amendments to the Budget Code establishing the medium-term priority public investment plan and a unified definition of public investment	N/A	0

	and public investment projects.		
	DLR #1.3. (ii): The MoF published information on projects selected for inclusion in the 2025 budget submission prior to parliamentary approval.		0
	DLR #1.4. (i): The Cabinet of Ministers has approved PIM methodologies for project identification, prioritization, preparation, appraisal, and approval that include gender equality and climate change considerations.	N/A	0
	DLR #1.4. (ii): SIC approved a single project pipeline for 2026-2028 based on a prioritized list of projects concepts at the central level and relevant projects at the local level which includes gender and climate change considerations.		0
	DLR #1.5. (i): The Cabinet of Ministers has approved revised regulations	N/A	

	and specifications for the DREAM System that contain the new public investment management procedures and build back better approach, including climate change adaptation and mitigation assessment, and civil society feedback modules. DLR #1.5. (ii): The Cabinet of Ministers has approved specifications for information exchange between the DREAM System, Prozorro, treasury, and budgeting systems and the interoperability requirements to link these systems.		
	(Prior result) DLR #1.6. (i): The Cabinet of Ministers has approved a resolution requiring the application of the PIM methodologies for project monitoring, reporting, and evaluation that includes gender equality and climate change considerations.	N/A	38,500,000

	DLR #1.6. (ii): MoE and MoF trained at least 50 central government PIM specialists in the PIM Procedures, including on integrating climate change considerations.	N/A	16,500,000
(2) DLI #2: Local governments publish information on their budgets, debt and service delivery and reconstruction performance	DLR #2.1. (i): The Cabinet of Ministers has approved the State Strategy of Regional Development of Ukraine. DLR #2.1. (ii): MoF has approved a revised budget methodology for the preparation of local government Medium-term Budget Plans that include gender information.	N/A	
	DLR #2.2. (i): The Cabinet of Ministers has approved revised procedures that provide for expanded authority of local governments to borrow from financial institutions other than commercial banks. DLR #2.2. (ii): MoF has approved a methodology for local government	N/A	

	debt and guarantee management and reporting.		
	DLR #2.3. MoE has approved methodological recommendations for analyzing the environmental impact of public investment projects, including at the local level.	N/A	0
	DLR #2.4. (i) Of the approved Medium-term Budget Plans, at least 400 hromadas have: (A) included gender information; and (B) made the Medium-term Budget Plans publicly available.	Scalable - 5 percent disbursed when achieved by 20 hromadas.	54,750,000
(3) DLI #3: Allocations of intergovernmental transfers reflect updated service needs	DLR #3.1. The Cabinet of Ministers has approved criteria and procedures for the allocation of Additional Grants to support the delivery of basic services in hromadas that have been negatively affected.	N/A	
	DLR #3.2. The Cabinet of Ministers has allocated Additional Grants to at least 300 hromadas applying the new criteria and procedures.	For each 50 hromadas that have been allocated Additional Grants applying the new criteria and procedures, USD 20.00	120,000,000

		million will be available for payment up to USD 120.00 million. Baseline: 0 hromadas. Target: 300 hromadas	
(4) DLI #4: The STS uses compliance risk management system for large taxpayer audits	DLR #4.1. (i): STS has developed regulations to support the implementation of a pilot project on compliance risk management.		0
	DLR #4.1. (ii): The Cabinet of Ministers has approved a resolution authorizing the pilot project.	N/A	0
	DLR #4.1. (iii): STS identified high-risk taxpayers for audit.		0
	DLR #4.2. (i): STS has published the 2024 implementation progress report for the Anti-Corruption Program of the State Tax Service for 2023-2025 on the STS website.	N/A	0
	DLR #4.2. (ii): STS has updated and published the 2025 action plan for the implementation of		0

	the Anti-Corruption Program of the State Tax Service.		
(5) Front-end Fee to be paid pursuant to Section 2.03 of this Agreement in accordance with Section 2.05(b) of the General Conditions			616,375
(6) Interest Rate Cap or Interest Rate Collar premium to be paid pursuant to Section 4.05(c) of the General Conditions			0
(7) Interest and Commitment Charges to be paid pursuant to Section 2.05(c) of the General Conditions			16,183,625
TOTAL AMOUNT			246,550,000

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
 - (a) on the basis of DLRs achieved prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed thirty-eight million five hundred thousand United States Dollars (\$38,500,000) may be made on the basis of DLRs achieved prior to this date but on or after June 10, 2025; or
 - (b) for any DLR under Categories (1) to (3), until and unless the Borrower has furnished evidence satisfactory to the Bank that said DLR has been achieved.
2. Notwithstanding the provisions of Part B.1(b) of this Section, if any of the DLRs under Category (1), (2) or (3) has not been achieved the Bank may, by notice to the Borrower:

- (a) authorize the withdrawal of such lesser amount of the unwithdrawn proceeds of the Loan then allocated to said Category which, in the opinion of the Bank, corresponds to the extent of achievement of said DLR, said lesser amount to be calculated in accordance with the formulas set forth in the table of paragraph IV.A.2 of this Schedule 2 as applicable;
 - (b) reallocate all or a portion of the proceeds of the Loan then allocated to said DLR to any other DLR; and/or
 - (c) cancel all or a portion of the proceeds of the Loan then allocated to said DLR.
- 3.
 - (a) The Borrower undertakes that no Loan proceeds or resources may be used for defense, security, or military purposes, or for any payments made to any defense, security, or military forces.
 - (b) If the Bank determines, at any time, that an amount of the Loan was used to make a payment for either: (i) ineligible Program Expenditures; or (ii) excluded activities (including any activity on the Exclusion List) as provided for under Section II of Schedule 2 to this Agreement; or (iii) used for defense, security, or military (including any other types of military forces, if such may be relevant) purposes, the Borrower shall, promptly upon notice from the Bank, refund an amount equal to the amount of such expenditures financed by the Bank. All amounts so refunded to the Bank pursuant to the abovementioned request will be subsequently cancelled.
- 4. Payments under Category (7) shall be made out of the proceeds of the Loan for the interest and Commitment Charges accrued up to the Closing Date and up to the amount allocated under Category (7) above; provided that should the actual interest and Commitment Charges accrued up to the Closing Date exceed the amount indicated under Category (7), the Borrower shall be responsible for paying any such additional interest and Commitment Charges.
- 5. The Closing Date is March 31, 2027.

Section V. Other Undertakings

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

Borrower under this Agreement, the Contributor under the Credit Enhancement Trust Fund may have certain rights of subrogation and the Bank may assign to the Contributor any right to receive repayment from the Borrower under this Agreement, all subject to the terms and conditions of the TF Documents.

SCHEDULE 3**Commitment-Linked Amortization Repayment Schedule**

Subject to Section 2.08 of this Agreement, the Borrower shall repay the principal amount of the Loan in accordance with the following table which sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date ("Installment Share").

Level Principal Repayments

Principal Payment Date	Installment Share
On each March 15 and September 15 Beginning September 15, 2035 through March 15, 2055	2.5%

APPENDIX**Section I. Definitions**

1. “ACG Report” means the Borrower’s periodic report, to be prepared by the MoF, in form and substance satisfactory to the Bank, and in accordance with this Agreement and the provisions of the Anti-Corruption Guidelines, including whether or not there has been: (a) any credible and material allegations and other indications of fraud and corruption under the Program which come to the MoF’s attention during such period; (b) any investigations launched into such allegations, their progress and findings; and (c) any remedial or corrective actions taken or planned in response to such allegations or the findings of such investigations.
2. “Additional Grants” means transfers to hromadas under the Borrower’s budget program 3511280, the procedure for provision of which is approved by the Borrower’s Cabinet of Ministers Resolution No. 1477, dated December 30, 2022, as amended.
3. “Anti-Corruption Guidelines” means, for purposes of paragraph 6 of the Appendix to the General Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Program-for-Results Financing,” dated February 1, 2012, and revised July 10, 2015.
4. “Anti-Corruption Program of the State Tax Service” means the anti-corruption program of State Tax Service for 2023-2025, approved by the Order of State Tax Service No. 221, dated April 10, 2023.
5. “Budget Code” means the Borrower’s Budget Code No. 2456-VI, dated July 8, 2010, as amended.
6. “Cabinet of Ministers” means the Borrower’s Cabinet of Ministers.
7. “Category” means a category set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.
8. “Contributor” means a Member Country making a contribution to the Credit Enhancement Trust Fund in accordance with the terms of the TF Documents.
9. “Credit Enhancement” means the credit enhancement provided for loans made by the Bank to the Borrower pursuant to the terms of the TF Documents.
10. “Credit Enhancement Trust Fund” means the Advancing Needed Credit Enhancement for Ukraine Trust Fund (Trust Fund No. TF073981) established at the Bank to provide credit enhancement for loans provided by the Bank to the Borrower.

11. “Disbursement Linked Indicator” or “DLI” means in respect of a given Category, the indicator related to said Category as set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.
12. “Disbursement Linked Result” or “DLR” means in respect of a given Category, the result under said Category as set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement, on the basis of the achievement of which, the amount of the Loan allocated to said result may be withdrawn in accordance with the provisions of said Section IV.
13. “DREAM System” means the unified digital integrated information and analytical system for managing the process of reconstruction of real estate, construction, and infrastructure, as defined by Cabinet of Ministers Resolution No. 1286, dated November 15, 2022, as amended.
14. “Exclusion List” means any of the following activities:
 - (a) any support for military purposes/clusters;
 - (b) significant conversion or degradation of critical natural habitats or critical cultural heritage sites;
 - (c) air, water, or soil contamination leading to significant adverse impacts on the health or safety of individuals, communities, or ecosystems;
 - (d) workplace conditions that expose workers to significant risks to health and personal safety;
 - (e) land acquisition and/or resettlement of a scale or nature that will have significant adverse impacts on affected people, or the use of forced evictions;
 - (f) large-scale changes in land use or access to land and/or natural resources;
 - (g) adverse environmental and social impacts covering large geographical areas, including transboundary impacts, or global impacts such as greenhouse gas emissions;
 - (h) significant cumulative, induced, or indirect impacts;
 - (i) activities that involve the use of forced or child labor;
 - (j) marginalization of, discrimination against, or conflict within or among, social (including ethnic and racial) groups; or

- (k) activities that would: (i) have adverse impacts on land and natural resources subject to traditional ownership or under customary use or occupation; (ii) cause relocation of Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities from land and natural resources that are subject to traditional ownership or under customary use or occupation; or (iii) have significant impacts on Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities' cultural heritage that is material to the identity and/or cultural, ceremonial, or spiritual aspects of the affected communities.
15. "Financing Agreement" means the agreement between the Borrower and the Association for the Program, of the same date as the Original Loan Agreement, as such agreement may be amended from time to time. "Financing Agreement" includes all appendices, schedules, and agreements supplemental to the Financing Agreement.
 16. "General Conditions" means the "International Bank for Reconstruction and Development General Conditions for IBRD Financing, Program-for-Results Financing", dated December 14, 2018 (last revised on July 15, 2023), with the modifications set forth in Section II of this Appendix.
 17. "IT" means information technology.
 18. "Medium-term Budget Plan" means, pursuant to the Borrower's legislation, the local budget forecast issued annually by local authorities.
 19. "Ministry for Development of Communities and Territories" and "MDCT" means the Borrower's ministry for communities and territories development, or any successor thereto.
 20. "Ministry of Economy, Environment and Agriculture" and "MoE" means the Borrower's ministry of economy, environment and agriculture or any successor thereto.
 21. "Ministry of Finance" and "MoF" means the Borrower's ministry of finance, or any successor thereto.
 22. "National Revenue Strategy 2030" means the Borrower's strategy that lays out key reforms to modernize revenue policy and administration until 2030 approved by the Resolution of the Cabinet of Ministers No. 1218-p, dated December 27, 2023.
 23. "Operational Manual" means the manual in form and substance satisfactory to the Bank, as approved by the Borrower, and referred to in Section I.C of Schedule 2

to this Agreement, as said manual may be amended from time to time with the prior and written agreement of the Bank.

24. “Original Loan Agreement” means the Loan Agreement (Supporting Reconstruction through Smart Fiscal Governance (SURGE) Program) between Ukraine and the International Bank for Reconstruction and Development dated November 13, 2024, as such agreement may be amended from time to time. “Original Loan Agreement” includes all appendices, schedules, and agreements supplemental to the Original Loan Agreement.
25. “PFM” means public financial management.
26. “PIM” means public investment management.
27. “PIM Procedures” means the set of rules, methodologies, and processes to be adopted by the Borrower, through the Cabinet of Ministers, for the identification, preparation, appraisal, prioritization, selection, approval, implementation, monitoring, reporting, and evaluation of public investment projects, consistent with the Roadmap for Reforming the Public Investment Management System and Program Action Plan.
28. “Program Action Plan” means the Borrower’s plan dated October 16, 2024, and referred to in Section I.B.1 of Schedule 2 to this Agreement, as may be amended from time to time with the prior written agreement of the Bank.
29. “Program Implementation Unit” and “PIU” each means the unit within the MoF established pursuant to Section I.A.2(b) of Schedule 2 to this Agreement.
30. “Prozorro” means the Borrower’s electronic procurement system in accordance with the Law of Ukraine on Public Procurement No. 922-VIII dated December 25, 2015.
31. “Roadmap for Reforming the Public Investment Management System” means the Borrower’s roadmap for reforming the public investment management system approved by the protocol decision of the Cabinet of Ministers No. 145, dated December 22, 2023.
32. “Signature Date” means the later of the two dates on which the Borrower and the Bank signed this Agreement, and such definition applies to all references to “the date of the Loan Agreement” in the General Conditions.
33. “State Strategy of Regional Development of Ukraine” means the Borrower’s state strategy of regional development approved for the period 2021-2027 by the Resolution of the Cabinet of Ministers No. 695, dated August 5, 2020.

34. "State Tax Service" and "STS" means the Borrower's central body of executive power, which implements the state tax policy, and the state policy on the administration of a single contribution to mandatory state social insurance, or any successor thereto.
35. "Steering Committee" means the committee established pursuant to Section I.A.2(a) of Schedule 2 to this Agreement.
36. "Strategic Investment Council" and "SIC" means Borrower's strategic investment council established by the Resolution of the Cabinet of Ministers No. 549, dated May 14, 2024.
37. "TF Documents" means the agreements and documents establishing and governing the Credit Enhancement Trust Fund, including any administration arrangement and notice to the Contributor following execution of this Loan Agreement.
38. "Verification Agent" means the verification consultant/s selected and appointed in accordance with the provision of Section I.B.2(a)(i) of Schedule 2 to this Agreement for purposes of carrying out the verification of the Borrower's achievement of the DLRs.
39. "Verification Protocols" means the protocols agreed by the Bank and the Borrower to verify the data and other evidence supporting the achievement of one or more DLIs and DLRs as specified in the Operational Manual. Such protocols may be modified from time to time with the written agreement of the Bank.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. Section 3.01 (*Front-end Fee; Commitment Charge; Exposure Surcharge*) is modified to read as follows:

"Section 3.01. *Front-end Fee; Commitment Charge*

 - (a) The Borrower shall pay the Bank a Front-end Fee on the Loan amount at the rate specified in the Loan Agreement. Except as otherwise provided in Section 2.05(b), the Borrower shall pay the Front-end Fee not later than sixty (60) days after the Effective Date.
 - (b) The Borrower shall pay the Bank a Commitment Charge on the Unwithdrawn Loan Balance at the rate specified in the Loan Agreement. The Commitment Charge shall accrue from the date of the Loan Agreement or the date which falls on the fourth anniversary of the date of approval of the Loan by the Bank, whichever is later, to the respective dates on which amounts are withdrawn by the Borrower

from the Loan Account or cancelled. Except as otherwise provided in Section 2.05(c), the Borrower shall pay the Commitment Charge semi-annually in arrears on each Payment Date.”

2. Section 3.04 (*Prepayment*) is modified to read as follows:

“Section 3.04. *Prepayment*

- (a) After giving not less than forty-five (45) days’ notice to the Bank, the Borrower may repay the Bank the following amounts in advance of maturity, as of a date acceptable to the Bank (provided that the Borrower has paid all Loan Payments due as at such date): (i) the entire Withdrawn Loan Balance as at such date; or (ii) the entire principal amount of any one or more maturities of the Loan. Any partial prepayment of the Withdrawn Loan Balance shall be applied in the manner specified by the Borrower, or, in the absence of any specification by the Borrower, in the following manner: (A) if the Loan Agreement provides for the separate amortization of specified Disbursed Amounts of the principal of the Loan, the prepayment shall be applied in the inverse order of such Disbursed Amounts, with the Disbursed Amount which has been withdrawn last being repaid first and with the latest maturity of said Disbursed Amount being repaid first; and (B) in all other cases, the prepayment shall be applied in the inverse order of the Loan maturities, with the latest maturity being repaid first.
 - (b) If, in respect of any amount of the Loan to be prepaid, a Conversion has been effected and the Conversion Period has not terminated at the time of prepayment, the provisions of Section 4.06 shall apply.”
3. In paragraphs originally numbered 74 and 80 of the Appendix, the terms “Loan Payment” and “Payment Date”, respectively, are modified to read as follows:
- “74. “Loan Payment” means any amount payable by the Loan Parties to the Bank pursuant to the Legal Agreements, including (but not limited to) any amount of the Withdrawn Loan Balance, interest, the Front-end Fee, the Commitment Charge, interest at the Default Interest Rate (if any), any surcharge, any transaction fee for a Conversion or early termination of a Conversion, any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by the Borrower.”
 - “80. “Payment Date” means each date specified in the Loan Agreement occurring on or after the date of the Loan Agreement on which interest, Commitment Charge and other Loan charges and fees (other than the Front-end Fee) are payable, as applicable.”

4. Definitions in paragraphs 4 (Allocated Excess Exposure Amount), 52 (Exposure Surcharge), 97 (Standard Exposure Limit), and 103 (Total Exposure) of the Appendix are deleted in their entirety, and the subsequent paragraphs are renumbered accordingly.