November 22, 2012

H E. Petro Poroshenko
Minister of Economic Development and Trade
Ministry of Economic Development and Trade
12/2 Hrushevsky St
Kyiv, 01008
Ukraine

Re: Ukraine Grant No. TF013623
Grant for Preparation of the Second Social Safety Net Modernization Project

Excellency:

In response to the request for financial assistance made on behalf of Ukraine ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development and International Development Association ("World Bank"), acting as administrator of grant funds provided by various donors ("Donor(s)"") under the Multi-Donor Programmatic Trust Fund for Europe and Central Asia Region Capacity Development, proposes to extend to the Recipient a grant in an amount not to exceed four-hundred and fifty-six thousand United States Dollars (U.S.$456,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donors. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex 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 by the Donors under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature.
Very truly yours,
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT/INTERNATIONAL DEVELOPMENT ASSOCIATION

By Paolo Carlo Belli
Acting Country Director
Ukraine, Belarus and Moldova
Europe and Central Asia

AGREED:
UKRAINE

By

Authorized Representative:

Name
Anatolij Maksyma
Title
First Deputy Minister of Economic Development and Trade of Ukraine
Date
December 14, 2018

Enclosures:

(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated February 15, 2012 ("Standard Conditions") constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement, and the following additional terms have the following meanings:

(a) “Incremental Operating Costs” means reasonable and necessary expenditures incurred by the MOSPU for the implementation, administration and maintenance of the Grant, including local travel, office supplies, communication costs, reasonable bank charges, translations, notary services, and including the costs for extending the licences for the financial management system to adequately reflect operations, resources and expenditures related to the Grant, and other expenditure items agreed by the World Bank throughout the life of the Grant (but excluding consultants’ services and salaries of officials of the Recipient’s civil service).

(b) “Training” means Project related training courses, seminars, workshops and other training activities, not included under service providers’ contracts, including costs of training materials, space and equipment rental, travel, accommodation and per diem costs of trainees and trainers’ fees, and other training related miscellaneous costs as shall have been approved by the World Bank.

(c) “Working Group” means the MOSPU’s working group, tasked with implementation of the Project and in a form and with functions, staffing, resources, terms of reference and qualifications satisfactory to the World Bank, including with a procurement specialist and financial management specialist.

Article II
Project Execution

2.01. **Project Objectives and Description.** The objectives of the Project are to (i) improve implementation readiness of the proposed Second Social Safety Net Modernization Project (SSNMP II), (ii) strengthen the capacity of the Recipient’s Ministry of Social Policy (MOSPU) to transform residential care in oblasts, and (iii) strengthen the capacity of two selected oblasts during the transformation process. The Project consists of the following parts:
(a) Technical assistance to the MOSPU and selected oblasts for the development of tools, guidelines and draft regulations for preparing action plans for modernizing the Recipient's system of social services, including for orphans without disabilities in one oblast and for children with disabilities in another oblast, and transforming residential care for children in these oblasts, and Training for selected oblasts' administration and residential institutions on such plans.

(b) Technical assistance to the MOSPU to (i) improve administration of benefits and services through (aa) establishing a system to link different programs providing benefits and social services that would help in the coordination of welfare support to the same family; and (bb) strengthening the oversight and control procedures for such systems, and (ii) develop technical specifications for extension of the management information system for social benefits in order to include social services.

(c) Technical assistance to the MOSPU for the development of the operations manual for SSNMP II, including guidelines and financial reporting forms, financing of Incremental Operating Costs and audit of the Project.

2.02. Project Execution Generally. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through its MOSPU in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) 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 ("Anti-Corruption Guidelines"); and (c) this Article II.

2.03. Institutional and Other Arrangements. (a) The Recipient shall cause the MOSPU to carry out the Project through its Working Group which shall be responsible for the preparation of the SSNMP II and overall implementation of the Grant.

(b) The Recipient shall cause MOSPU to maintain, throughout the life of the Project, the Working Group in a form and with functions, staffing, resources, terms of reference and qualifications satisfactory to the World Bank, including with a procurement specialist and financial management specialist.

(c) The Recipient shall assign overall responsibility of the Project to a Deputy Minister of MOSPU, acting as Manager, who shall also provide the strategic link between the preparation of the SSNMP II and effective delivery of the Grant.

2.04. Project Monitoring, Reporting and Evaluation. (a) The Recipient 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 the indicators set forth below in paragraph (b) of this Section. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.
(b) The performance indicators referred to above in paragraph (a) consist of the following:

(i) Development of two oblast models for (1) orphans and (2) disabled children to transform residential care to family and community-based services have been developed, including regulatory framework, tools, guidelines, staff manuals to prepare action plans and evaluate the amount of financial resources needed to implement such plan.

(ii) Preparation of technical specifications and bidding documents for further development of the management information system for social benefits to incorporate expansion of the one-stop shop business model to local offices to cover services.

(iii) Development of the operations manual for SSNMP II and approved by the MOSPU, including procurement and financial management chapters.

(c) The Recipient 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.

2.06. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty-five (45) days after the end of each calendar semester, covering the semester, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Such audit of the Financial Statements shall cover the entire period during which withdrawals from the Grant Account were made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of such period.

2.07. **Procurement**

(a) General. All consultants’ services required for the Project and to be financed, fully or partially, out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:
(i) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Consultant Guidelines”) in the case of consultants’ services; and

(ii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).

(b) Definitions. The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in Sections II, III, IV and V of the Consultant Guidelines.

(c) Particular Methods of Procurement of Consultants’ Services

The following methods may be used for the procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (A) Selection based on Consultants’ Qualifications; (B) Least-Cost Selection; (C) Selection of Individual Consultants; and (D) Single-source procedures for the Selection of Individual Consultants.

(d) Review by the World Bank of Procurement Decisions. The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.

Article III
Withdrawal of Grant Proceeds

301. Eligible Expenditures. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, 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 following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Consultants’ services (including audit), incremental Operating Costs and Training</td>
<td>456,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>456,000</td>
<td></td>
</tr>
</tbody>
</table>

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 15, 2013.

**Article IV**

**Recipient’s Representative; Addresses**

4.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its Minister of Economic Development and Trade.

4.02. **Recipient’s Address.** The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Economic Development and Trade  
12/2 M. Hrushevsky St.  
Kyiv, 01008  
Facsimile:  
+380 44 226 31 81

4.03. **World Bank’s Address.** The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

International Bank for Reconstruction and Development/ International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America  
Cable:  
Telex:  
Facsimile:
INTBAFRAD/
INDEVAS 248423 (MCI) or 1-202-477-6391
Washington, D.C. 64145 (MCI)