May 26, 2014

H.E. Oleksandr Shlapak
Minister of Finance
Ministry of Finance of Ukraine
12/2, Hrushevsky St.
Kyiv 01008 Ukraine

Excellency:

Re: IBRD Loan 8387-UA (Ukraine District Heating Energy Efficiency Project)
Additional Instructions: Disbursement

I refer to the Loan Agreement between the International Bank for Reconstruction and Development (the “Bank”) and Ukraine (the “Borrower”) for the above-referenced project, dated May 26, 2014. The Agreements provide that the Bank may issue additional instructions regarding the withdrawal of the proceeds of Loan 8387-UA (“Loan”). This letter (“Disbursement Letter”), as revised from time to time, constitutes the additional instructions.

The attached World Bank Disbursement Guidelines for Projects, dated May 1, 2006, (“Disbursement Guidelines”) (Attachment 1), are an integral part of the Disbursement Letter. The manner in which the provisions in the Disbursement Guidelines apply to the Loan is specified below. Sections and subsections in parentheses below refer to the relevant sections and subsections in the Disbursement Guidelines and, unless otherwise defined in this letter, the capitalized terms used have the meanings ascribed to them in the Disbursement Guidelines.

I. Disbursement Arrangements

(i) Disbursement Methods (section 2). The following Disbursement Methods may be used under the Loan:

- Reimbursement
- Advance
- Direct Payment
- Special Commitment

(ii) Disbursement Deadline Date (subsection 3.7). The Disbursement Deadline Date is 4 months after the Closing Date specified in the Loan Agreement. Any changes to this date will be notified by the Bank.

(iii) Disbursement Conditions (subsection 3.8). Please refer to the Disbursement Condition(s) in the Loan Agreement.
II. Withdrawal of Loan Proceeds

(i) Authorized Signatures (subsection 3.1). An authorized signatory letter (ASL) in the form attached (Attachment 2) should be furnished to the Bank at the address indicated below providing the name(s) and specimen signature(s) of the official(s) authorized to sign Applications:

The World Bank
1 Dniprovsksiy Uzviz
Kyiv, 01010
Ukraine
Attention: Qimiao Fan, Country Director, ECCU2

(ii) Applications (subsections 3.2 - 3.3). Please provide completed and signed (a) applications for withdrawal, together with supporting documents, and (b) applications for special commitments, together with a copy of the commercial bank letter of credit, to the address indicated below:

The World Bank
Radnicka cesta 80, 9th floor
Zagreb, HR - 10 000
Croatia
Attention: Loan Department

(iii) Electronic Delivery (subsection 3.4) The Bank may permit the Borrower to electronically deliver to the Bank Applications (with supporting documents) through the Bank’s Client Connection, web-based portal. The option to deliver Applications to the Bank by electronic means may be effected if: (a) the Borrower has designated in writing, pursuant to the terms of subparagraph (i) of this Section, its officials who are authorized to sign and deliver Applications and to receive secure identification credentials (“SIDC”) from the Bank for the purpose of delivering such Applications by electronic means; and (b) all such officials designated by the Borrower have registered as users of Client Connection. If the Bank agrees, the Bank will provide the Borrower with SIDC for the designated officials. Following which, the designated officials may deliver Applications electronically by completing Form 2380, which is accessible through Client Connection (https://clientconnection.worldbank.org). The Borrower may continue to exercise the option of preparing and delivering Applications in paper form. The Bank reserves the right and may, in its sole discretion, temporarily or permanently disallow the electronic delivery of Applications by the Borrower.

(iv) Terms and Conditions of Use of SIDC to Process Applications. By designating officials to use SIDC and by choosing to deliver the Applications electronically, the Borrower confirms through the authorized signatory letter its agreement to: (a) abide by the Terms and Conditions of Use of Secure Identification Credentials in connection with Use of Electronic Means to Process Applications and Supporting Documentation (“Terms and Conditions of Use of Secure
Identification Credentials”) provided in Attachment 3; and (b) to cause such official to abide by those terms and conditions.

**(v) Minimum Value of Applications (subsection 3.5).** The Minimum Value of Applications for replenishments, direct payments and special commitments in US dollars is 20% of respective designated account ceiling.

**(vi) Advances (sections 5 and 6).**

- **Type of Designated Accounts (subsection 5.3):**
  The following ten segregated designated accounts will be maintained as follows:

<table>
<thead>
<tr>
<th>Designated Account</th>
<th>Account Holder</th>
<th>Ceiling in US Dollars</th>
<th>Associated Categories</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Chernihivskateltektrocentral (Chernihiv)</td>
<td>3,000,000</td>
<td></td>
</tr>
<tr>
<td>B</td>
<td>Dniproteploenerho (Dnipropetrovsk)</td>
<td>1,700,000</td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>Donetskmiiseptomerezha (Donetsk)</td>
<td>1,200,000</td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>Kharkivskiteplovi Merezhi (Kharkiv)</td>
<td>9,700,000</td>
<td></td>
</tr>
<tr>
<td>E</td>
<td>Kherstteploenerho (Kherson)</td>
<td>2,000,000</td>
<td>Category 1</td>
</tr>
<tr>
<td>F</td>
<td>Kirovohradteplo (Kirovograd)</td>
<td>2,500,000</td>
<td></td>
</tr>
<tr>
<td>G</td>
<td>Miskteplovodenerhiya (Kamyanets-Podilsky)</td>
<td>1,400,000</td>
<td></td>
</tr>
<tr>
<td>H</td>
<td>Mykolaivobteploenerho (Mykolaiv)</td>
<td>2,000,000</td>
<td></td>
</tr>
<tr>
<td>I</td>
<td>Vinnytsiamiskteploenerho (Vinnytsia)</td>
<td>3,700,000</td>
<td></td>
</tr>
<tr>
<td>J</td>
<td>Minregion-Central PMU</td>
<td>550,000</td>
<td>Category 2</td>
</tr>
</tbody>
</table>

- **Currency of Designated Accounts (subsection 5.4):** US Dollar.

*Financial Institution at which the Designated Accounts Will Be Opened (subsection 5.5):* Joint Stock Company “The State Export-Import Bank of Ukraine” (Ukreximbank)
III. Reporting on Use of Loan Proceeds

(i) Supporting Documentation (section 4). Supporting documentation should be provided with each application for withdrawal as set out below:

- For requests for Reimbursement and for reporting eligible expenditures paid from the Designated Accounts:
  - Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments for works against contracts valued at $500,000 or more; for payments for goods against contracts valued at $300,000 or more; for payments for consultants' services against contracts valued at $100,000 or more for firms, and US$50,000 for individual consultants, training and operating costs;
  - Statement of Expenditure in the form attached (Attachment 4) for all other expenditures / contracts; and
  - List of payments against contracts that are subject to the Bank’s prior review, in the form attached (Attachment 5).

- For requests for Direct Payment: records evidencing eligible expenditures, e.g., copies of receipts, supplier invoices.

(ii) Frequency of Reporting Eligible Expenditures Paid from the Designated Account (subsection 6.3): Replenishment applications should be submitted monthly.

IV. Other Disbursement Instructions
Separate (a) authorized signatory letter (ASL) as well as separate (b) withdrawal applications will be submitted to the Bank for each designated account.
V. Other Important Information


From the Client Connection website, you will be able to prepare and deliver Applications, monitor the near real-time status of the Loan, and retrieve related policy, financial, and procurement information.

If you have not already done so, the Bank recommends that you register as a user of the Client Connection website (https://clientconnection.worldbank.org). From this website you will be able to prepare and deliver Applications, monitor the near real-time status of the Loan, and retrieve related policy, financial, and procurement information. All Borrower officials authorized to sign and deliver Applications by electronic means are required to register with Client Connection before electronic delivery can be effected. For more information about the website and registration arrangements, please contact the Bank by email at <clientconnection@worldbank.org>.

If you have any queries in relation to the above, please contact Maiada Kassem, Finance Officer at loaecas@worldbank.org, using the above reference.

Yours sincerely,

Qimiao Fan
Country Director
Belarus, Moldova and Ukraine
Europe and Central Asia

Attachments:
1. World Bank Disbursement Guidelines for Projects, dated May 1, 2006
2. Form for Authorized Signatures
4. Form of "Statement of Expenditure"
5. Form of Payments Against Contracts Subject to the Bank’s Prior Review

Prepared by: Jasna Mestnik/Maiada Kassem - CTRLA

Cleared with and cc: Julie Rieger, Country Lawyer - LEGLE
Yadviga Semikolenova, Task Team Leader - ECSEG
<table>
<thead>
<tr>
<th>Full name of the District Heating Company</th>
<th>Manager/ Title</th>
<th>Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Utility of Vinnytsia City Council &quot;Vinnytsiamiskteploenerho&quot;</td>
<td>Oleg Stepanovych Piznyak, General Director</td>
<td>600-Richchya Str. 13, Vinnytsia, Ukraine 20100</td>
</tr>
<tr>
<td>Public Utility &quot;Dniproteploenerho&quot; of Dnipropetrovsk Oblast' Council</td>
<td>Mykhailo Viktorovych Masalov, General Director</td>
<td>Prosp. Kirova 2, Dnipropetrovsk, Ukraine, 49004</td>
</tr>
<tr>
<td>Public Commercial Utility &quot;Donetskkmiskteploplomerezha&quot;</td>
<td>Viktor Sergiyovych Rogachov, Director</td>
<td>Postisheva Str. 68, Donetsk, Ukraine 76007</td>
</tr>
<tr>
<td>State Municipal Utility &quot;Ivano-Frankivskteplokomunenerho&quot;</td>
<td>Vasyl Stepanovych Ruschak, Acting Director</td>
<td>Bogdana Khelnitskogo Str. 59-a, Ivano-Frankivsk, Ukraine 76007</td>
</tr>
<tr>
<td>Subsidiary Enterprise &quot;Kirovohradteplo&quot; of Limited Liability Company &quot;Center of Scientific and Technical Innovations of Ukrainian Oil and Gas Academy&quot;</td>
<td>Valeriy Pavlovych Garmash, Director</td>
<td>Artioma Str. 60, Kiev, Ukraine, 04050</td>
</tr>
<tr>
<td>Public Utility &quot;Miskteplovodenerhia&quot; of Kamianets-Podilskyi City Council</td>
<td>Volodymyr Grygorovych Gordiychuk, Director</td>
<td>Timiryazeva Str. 123, Kam'yanets-Podilskyi, Ukraine, 30300</td>
</tr>
<tr>
<td>Oblast' Public Utility &quot;Mykolaivobtleploenerho&quot;</td>
<td>Volodymyr Mykhailovych Bereznytskyi, Director</td>
<td>Mykolayivska Str. 5-a, Mykolaiv, Ukraine, 54034</td>
</tr>
<tr>
<td>Public Utility &quot;Kharkivski Teplovi Merezhi&quot;</td>
<td>Sergiy Yuriyovych Andreyev, General Director</td>
<td>Dobrokhotova Str. 11, Kharkiv, Ukraine, 61037</td>
</tr>
<tr>
<td>Public Power-generating Utility &quot;Chernihivska Teploelektrotcentral&quot; of Limited Liability Company Firm &quot;TehNova&quot;</td>
<td>Oleksandr Sigizmundovych Korchnytskyi, General Director</td>
<td>Ushynskogo Str. 23, Chernigiv, Ukraine, 61037</td>
</tr>
<tr>
<td>Municipal Public Utility &quot;Khersonteploenerho&quot;</td>
<td>Volodymyr Petrovych Pepel, Director</td>
<td>Ostrivske Shosse 1, Kherson, Ukraine, 73019</td>
</tr>
</tbody>
</table>

**CPMU**

Mr Grygoriy Semchuk,
Deputy Minister,
Head of Staff
Ministry of regional Development, Construction, Housing and Communal Services.
Velyka Zhytomyrska Str, 9, Kiev Ukraine
The World Bank
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Attention: [Country Director]

Re: IBRD Loan 8387-UA (Ukraine District Heating Energy Efficiency Project)

I refer to the Loan Agreement ("Agreement") between the International Bank for Reconstruction and Development (the "Bank") and [name of borrower] (the "Borrower"), dated May 26, 2014, providing the above Loan. For the purposes of Section 2.03 of the General Conditions as defined in the Agreement, any [one] of the persons whose authenticated specimen signatures appear below is authorized on behalf of the Borrower to sign applications for withdrawal [and applications for a special commitment] under this Loan.

For the purpose of delivering Applications to the Bank, [each] of the persons whose authenticated specimen signatures appears below is authorized on behalf of the Borrower, acting [individually] [jointly], to deliver Applications, and evidence in support thereof on the terms and conditions specified by the Bank.

This confirms that the Borrower is authorizing such persons to accept Secure Identification Credentials (SIDC) and to deliver the Applications and supporting documents to the Bank by electronic means. In full recognition that the Bank shall rely upon such representations and warranties, including without limitation, the representations and

1 Instruction to the Borrower: Stipulate if more than one person needs to sign Applications, and how many or which positions, and if any thresholds apply. Please delete this footnote in final letter that is sent to the Bank.

2 Instruction to the Borrower: Stipulate if more than one person needs to jointly sign Applications, if so, please indicate the actual number. Please delete this footnote in final letter that is sent to the Bank.

3 Instruction to the Borrower: Use this bracket if any one of the authorized persons may sign; if this is not applicable, please delete. Please delete this footnote in final letter that is sent to the Bank.

4 Instruction to the Borrower: Use this bracket only if several individuals must jointly sign each Application; if this is not applicable, please delete. Please delete this footnote in final letter that is sent to the Bank.

5 Instruction to the Borrower: Add this paragraph if the Borrower wishes to authorize the listed persons to accept Secure Identification Credentials and to deliver Applications by electronic means; if this is not applicable, please delete the paragraph. Please delete this footnote in final letter that is sent to the Bank.
warranties contained in the Terms and Conditions of Use of Secure Identification Credentials in connection with Use of Electronic Means to Process Applications and Supporting Documentation ("Terms and Conditions of Use of SIDC"), the Borrower represents and warrants to the Bank that it will cause such persons to abide by those terms and conditions.

This Authorization replaces and supersedes any Authorization currently in the Bank records with respect to this Agreement.

[Name], [position] Specimen Signature: ________________

[Name], [position] Specimen Signature: ________________

[Name], [position] Specimen Signature: ________________

Yours truly,

/ signed /

[Position]
Terms and Conditions of Use of Secure Identification Credentials
in connection with Use of Electronic Means
to Process Applications
and Supporting Documentation

March 1, 2013

The World Bank (Bank)\(^1\) will provide secure identification credentials (SIDC) to permit the Borrower\(^2\) to deliver applications for withdrawal and applications for special commitments under the Agreement(s) and supporting documentation (such applications and supporting documentation together referred to in these Terms and Conditions of Use as Applications) to the Bank electronically, on the terms and conditions of use specified herein.

SIDC can be either: (a) hardware-based (Physical Token), or (b) software-based (Soft Token). The Bank reserves the right to determine which type of SIDC is most appropriate.

A. Identification of Users.

1. The Borrower will be required to identify in a completed Authorized Signatory Letter (ASL) duly delivered to and received by the Bank each person who will be authorized to deliver Applications. The Bank will provide SIDC to each person identified in the ASL (Signatory), as provided below. The Borrower shall also immediately notify the Bank if a Signatory is no longer authorized by the Borrower to act as a Signatory.

2. Each Signatory must register as a user on the Bank’s Client Connection (CC) website (https://clientconnection.worldbank.org) prior to receipt of his/her SIDC. Registration on CC will require that the Signatory establish a CC password (CC Password). The Signatory shall not reveal his/her CC Password to anyone or store or record the CC Password in written or other form. Upon registration as a CC user, the Signatory will be assigned a unique identifying account name.

B. Initialization of SIDC.

1. Prior to initialization of SIDC by a Signatory, the Signatory will acknowledge having read, understood and agreed to be bound by these Terms and Conditions of Use.

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\(^1\) "Bank" includes IBRD and IDA.

\(^2\) "Borrower" includes the borrower of an IBRD loan, IDA credit, or Project Preparation Facility advance and the recipient of a grant.
2. Where a Physical Token is to be used, promptly upon receipt of the Physical Token, the Signatory will access CC using his/her account name and CC Password and register his/her Physical Token and set a personal identification number (PIN) to be used in connection with the use of his/her Physical Token, after which the Physical Token will be initialized for use by the Signatory exclusively for purposes of delivering Applications. Where a Soft Token is to be used, the Signatory will access CC using his/her account name and CC Password and set a personal identification number (PIN) to be used in connection with the use of his/her Soft Token, after which the Soft Token will be initialized for use by the Signatory exclusively for purposes of delivering Applications. Upon initialization of the SIDC, the Signatory will be a “SIDC User”. The Bank will maintain in its database a user account (Account) for each SIDC User for purposes of managing the SIDC of the SIDC User. Neither the Borrower nor the SIDC User will have any access to the Account.

3. Prior to first use of the SIDC by the SIDC User, the Borrower shall ensure that the SIDC User has received training materials provided by the Bank in use of the SIDC.

C. Use of SIDC.

1. Use of the SIDC is strictly limited to use in the delivery of Applications by the SIDC User in the manner prescribed by the Bank in the Agreement(s) and these Terms and Conditions. Any other use of the SIDC is prohibited.

2. The Bank assumes no responsibility or liability whatsoever for any misuse of the SIDC by the SIDC User, other representatives of the Borrower, or third parties.

3. The Borrower undertakes to ensure, and represents and warrants to the Bank (such representation and warranty being expressly relied upon by the Bank in granting SIDC) that each SIDC User understands and will abide by, these Terms and Conditions of Use, including without limitation the following:

4. Security

4.1. The SIDC User shall not reveal his/her PIN to anyone or store or record the PIN in written or other form.

4.2. The SIDC User shall not allow anyone else to utilize his/her SIDC to deliver an Application to the Bank.

4.3. The SIDC User shall always logout from CC when not using the system. Failure to logout properly can create a route into the system that is unprotected.

4.4. If the SIDC User believes a third party has learned his/her PIN or has lost his/her Physical Token he/she shall immediately notify clientconnection@worldbank.org.
4.5. The Borrower shall immediately notify the Bank at 
clientconnection@worldbank.org of any lost, stolen or compromised SIDC, and take 
other reasonable steps to ensure such SIDC are disabled immediately.

5. **Reservation of Right to Disable SIDC**

5.1. The Borrower shall reserve the right to revoke the authorization of a SIDC User to 
use a SIDC for any reason.

5.2. The Bank reserves the right, in its sole discretion, to temporarily or permanently 
disable a SIDC, de-activate a SIDC User's Account or both.

6. **Care of Physical Tokens**

6.1. Physical Tokens will remain the property of the Bank.

6.2. The Bank will physically deliver a Physical Token to each Signatory designated 
to receive one in a manner to be determined by and satisfactory to the Bank.

6.3. Physical Tokens contain delicate and sophisticated instrumentation and therefore 
should be handled with due care, and should not be immersed in liquids, exposed to 
extreme temperatures, crushed or bent. Also, Physical Tokens should be kept more than 
five (5) cm from devices that generate electromagnetic radiation (EMR), such as mobile 
phones, phone-enabled PDAs, smart phones and other similar devices. Physical Tokens 
should be carried and stored separate from any EMR device. At close range (less than 5 
cm), these devices can output high levels of EMR that can interfere with the proper 
operation of electronic equipment, including the Physical Token.

6.4. Without derogating from these Terms and Conditions of Use, other technical 
instructions on the proper use and care of Physical Tokens are available at 

7. **Replacement**

7.1. Lost, damaged, compromised (in terms of 4.5, above) or destroyed Physical 
Tokens will be replaced at the expense of the Borrower.

7.2. The Bank reserves the right, in its sole discretion, not to replace any Physical 
Token in the case of misuse, or not to reactivate a SIDC User's Account.
IBRD - Statement of Expenditures (SOE)

Payments made during the period from _____________ to _____________

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
<th>11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplier's Name</td>
<td>WB Contract Number in Client Connection</td>
<td>Type of Good or Service (CW/GO/CS/OP/TR) / Brief Description</td>
<td>Currency and Total Amount of Contract</td>
<td>Currency and Total Amount of Invoice Covered by Application</td>
<td>% Financed by IBRD/IDA/TF</td>
<td>Amount Eligible for Financing (5 x 6)</td>
<td>Currency and Amount Paid from Designated Account (if Applicable)</td>
<td>Exchange Rate</td>
<td>Date of Payment</td>
<td>Remarks</td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

TOTALS

Supporting documents for this SOE retained at ____________________________ (location)
Payments Made during Reporting Period
Against Contracts Subject to the Association’s Prior Review

<table>
<thead>
<tr>
<th>Contract Number</th>
<th>Supplier</th>
<th>Contract Date</th>
<th>Contract Amount</th>
<th>Date of WB's Non Objection to Contract</th>
<th>Amount Paid to Supplier during Period</th>
<th>WB's Share of Amt Paid to Supplier during Period</th>
</tr>
</thead>
</table>