Project Agreement N 17.4000210

Support to Ukrtansgaz PIU
under the EC-WB Trust Fund II for Policy Advice to Ukrainian Gas Sector Reforms and
Infrastructural Support to Modernization of the Gas Transportation System

between

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
acting as administrator of grant funds provided by the European Union,
represented by the European Commission

and

PJSC UKRTRANSGAZ

Dated March 7, 2017
PROJECT AGREEMENT

Agreement dated March 7, 2017, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("World Bank"), acting as administrator of grant funds provided by the European Union, represented by the European Commission ("Donor") and PJSC UKRTRANSGAZ ("UTG" or "Project Implementing Entity") ("Project Agreement") in connection with the Grant Agreement ("Grant Agreement") dated on or around the date of this Project Agreement between Ukraine ("Recipient") and the World Bank. The World Bank and the Project Implementing Entity hereby agree as follows:

ARTICLE I — STANDARD CONDITIONS; DEFINITIONS

1.01. The Standard Conditions (as defined in the Annex to the Grant Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Grant Agreement or the Standard Conditions.

ARTICLE II — PROJECT

2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall carry out the Project in accordance with the provisions of Article II of the Standard Conditions, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

2.02. The Project Implementing Entity represents, by entering into this Agreement, 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.

2.03. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the World Bank and the Project Implementing Entity otherwise agree, the Project Implementing Entity shall carry out the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — REPRESENTATIVE; ADDRESSES

3.01. The Project Implementing Entity’s Representative is its President.

3.02. The Bank’s Address is:

International Bank for Reconstruction and Development
1818 H Street, NW
Washington, DC 20433
United States of America

Telephone: 1 (202) 473-1000
Facsimile: 1 (202) 477-6391
3.03. The Project Implementing Entity's Address is:

PJSC UKRTRANSGAZ
9/1, Klovskiy uzviz,
Kyiv, 01021
Ukraine

Telephone No. Facsimile:
38 (044) 461-2011 38 (044) 461-2095

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

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By: __________________________
Authorized Representative

Name: Satu Rahkonen
Title: Country Director for Belarus, Moldova and Ukraine

PJSC UKRTRANSGAZ

By: __________________________
Authorized Representative

Name: Myroslav Khymko
Title: Temporary acting President
SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Project Implementing Entity shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant. Except as the World Bank shall otherwise agree, the Project Implementing Entity shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

2. The Project Implementing Entity shall maintain the PIU, throughout the duration of the Project, in a form and with functions, staffing, resources, terms of reference and qualifications satisfactory to the World Bank.

B. Anti-Corruption

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

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. The Project Implementing Entity shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the World Bank not later than forty five (45) days after the end of the period covered by such report.

2. The Project Implementing Entity 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 (6) months after the Closing Date.

B. Financial Management; Financial Reports; Audits

1. The Project Implementing Entity shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions and shall prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, in a manner adequate to reflect the operations, resources and expenditures related to the Project.

2. The Project Implementing Entity 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 quarter, covering the quarter, in form and substance satisfactory to the World Bank.

3. The Project Implementing Entity shall ensure that the Financial Statements for the Project are audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial
Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

Section III. Procurement

All goods and services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the provisions of Section 2.08 of the Grant Agreement.