



# Ukraine Urban Road Safety

Kick-Off Meeting  
14 November 2018  
Kyiv, Ukraine

# Definitions - URS

**Borrower:** Government of Ukraine

**Promoter:** Ministry of Infrastructure (MoI)

**Final Beneficiaries:**

- ❖ Municipalities
  - ❖ Sub-projects will be implemented by city departments or municipal enterprises
- ❖ Where:
  - ❖ Large cities;
  - ❖ There is potential for the greatest impact; and
  - ❖ Proven interest in investing in the improvement of urban road safety.



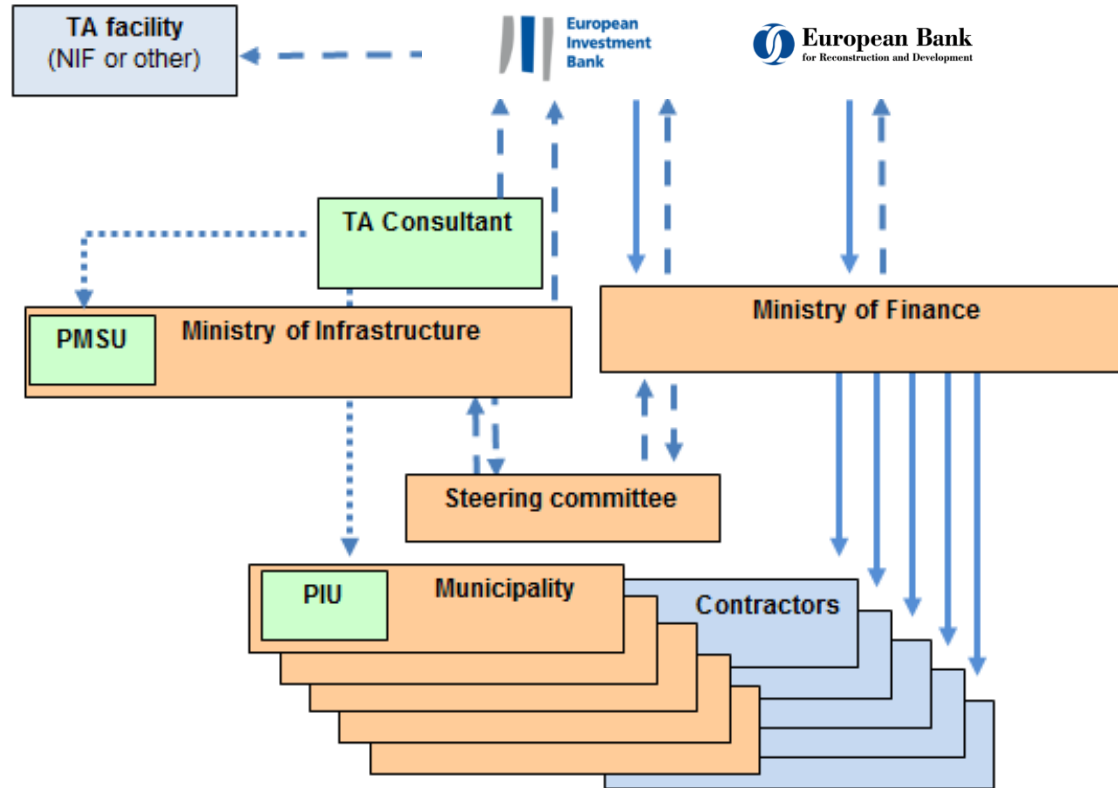
# Types of Sub-projects eligible

Category	Description
1	<b>Small public transport related infrastructure improvements</b> (e.g. improvement of worn rails, safer pedestrian/cycle routes, access to public transport stops/terminals, safe crossings)
2	<b>Improvement of the most dangerous accident blackspots</b> (e.g. 20-30 locations in each of the five cities)
3	<b>Intersection improvements</b> (e.g. channelisations, roundabouts, upgrading of traffic signals to include pedestrian phases, better islands and pedestrian refuges)
4	<b>Street renovations</b> (e.g. a combination of facilities to increase safety and accessibility for pedestrians and cyclists: pedestrian streets, cycle paths, street lights, greenery)
5	<b>Safe cycle and pedestrian networks</b> (e.g. cycle lanes and sidewalks on existing roads or in separate alignments, removal of obstructions and dangerous conflict points)
6	<b>Area wide schemes</b> (e.g. where lower speeds are required near schools, in residential, areas, in city centres with many pedestrians)
7	<b>Route action plans</b> (e.g. with a combination of standard safety measures, or better conditions for cyclists and pedestrians along entire routes)
8	<b>IT solutions</b> (e.g. traffic management systems for better monitoring and control of vehicle traffic)

# Ukraine Urban Road Safety Loan

- ❖ Loan Amount: EUR 75m
- ❖ Maximum Term: 20 years
- ❖ Maximum Grace Period: 4 years

# Programme Structure



Loan cash flow	
Reporting	
TA support	

# Finance Contract Provisions relevant to Final Beneficiaries

- I Allocation and Reallocation
- II Interest Rate
- III Conditions for Disbursement
- IV Project Duties and Undertakings
- V Information and Visits

## I. Allocation Procedure

- ❖ Allocation request may be submitted anytime prior to **Final Availability Date** (4 years from effectiveness of Finance Contract, i.e. after ratification)
- ❖ Loan can be allocated to **Sub-Projects identified as eligible in Technical Description** → Allocation Request
- ❖ Loan shall be allocated to Sub-Projects which have been **approved by Steering Committee (SC) and EIB** in accordance with allocation and monitoring procedure
  - ❖ There needs to be sufficient **information** available about Sub-Project
  - ❖ Sub-Projects need to fulfil eligibility **criteria in Project Procedures Manual (PPM)**

## I. Allocation Procedure

- ❖ PPM will set out **detailed approval and monitoring procedures** with respect to Project
  
- ❖ Loan shall be allocated to Sub-Projects according to their size:
  1. Each eligible Sub-Project with total investment cost **below EUR 5m** shall be selected by Mol – subject to **ex-post confirmation of eligibility by EIB**
  
  2. Each eligible Sub-Project with total investment cost of **EUR 5m – 50m** shall be submitted **ex-ante to EIB** for approval before disbursement of Loan to Borrower



## I. Allocation Procedure

- Following documents necessary for Loan Allocation:
  1. Evidence that Final Beneficiary has established **PIU** to manage implementation and monitoring of Sub-Project
  2. If applicable, **Environmental Impact Assessment (EIA)**
  3. For Sub-Project with impact on site of nature conservation importance protected under national or international agreements: evidence that Sub-Project will not have significant negative impact on site
  4. Evidence that **sufficient funds** are available to the Borrower and Final Beneficiaries to meet investment costs
  5. Evidence that credit allocated will **not exceed usual proportion of the of total Project costs (50% in case of URS; on the Project, not Sub-project level)**
  
- ➔ If allocation approved EIB will issue **Allocation Letter**.

# I. Reallocation Procedure

## ➤ Reallocation at Request of Borrower

- No later than Final Availability Date, Mol may propose **reallocation of a loan** (in whole or in part) – Condition: has not been spent or not been made available in full to Final Beneficiary
- If reallocation is not possible or possible only in part, Borrower shall prepay immediately to the Bank the part of the Loan which has been disbursed by the Bank

## ➤ Reallocation at Request of EIB

- EIB may require Mol to reallocate any part of the Loan which has been allocated in relation to Sub-Project if in EIB's opinion the Sub-Project is ineligible for financing by EIB or if Sub-Project no longer complies with requirements of Finance Contract

## II. Interest Rate

- ❖ The loan will be disbursed in tranches (up to 15, minimum amount EUR 5m, in EUR)
- ❖ Each tranche has its own repayment schedule and interest rate
- ❖ There are two options for the interest rates:
  - ❖ Floating – reference rate (EURIBOR) + spread; and
  - ❖ Fixed rate.
- ❖ Ministry of Finance is in lead to request disbursements
- ❖ The Bank can provide indicative rates based on the current market conditions.

### III. Conditions of Disbursement – First Tranche

- ❖ **PMSU is fully functional within Mol** and has assumed responsibility for allocation requests, monitoring implementation and progress reporting
  
- ❖ Evidence that SC has been established and has competence to
  - Make strategic recommendations,
  - Endorse Sub-Project proposals during the screening phase,
  - Facilitate and review functioning of PMSU and progress of works under project
  
- ❖ SC comprises representatives of Mol, MoF and others as agreed
  
- ❖ Evidence that SC has reviewed and endorsed, and Mol has approved, **PPM** which sets out
  - **Eligibility criteria** of Sub-Projects for financing
  - Description of **technical support eligible for financing**
  - Role and Competencies of **SC, PMSU, and PIUs**

### III. Conditions for Disbursement – All Tranches

- ❖ Evidence demonstrating that, following disbursement of the relevant Tranche, the amount of the Loan will not exceed the aggregate Qualifying Expenditure incurred or forecast to be allocated in respect of the Project within six months of the relevant Disbursement Offer
- ❖ All **authorisations** necessary to proceed with implementation of each sub-project to be financed by tranche received
- ❖ Confirmation that the **PIUs** and the **PMSU** are in place on terms of reference acceptable and satisfactory to the Bank
- ❖ Evidence of **technical support to PMSU and Final Beneficiary** is in place or will be acquired
- ❖ Evidence that **proceeds of Tranche needed to meet funding requirements** in accordance with most recent **disbursement schedule and procurement plan** delivered by Borrower to EIB

## IV. Borrower Undertakings – Project Undertakings

- Undertakings will be part of Loan Fund Transfer Agreement
- ❖ Use of Loan
  - Borrowed fund may only be used for financing of Sub-Projects subject to Allocation Requests approved by EIB
  - May also be used subject to EIB approval for technical support required by SC, PMSU and/or PIUs as necessary for implementation
  - Borrower shall make proceeds of disbursed tranches available to Final Beneficiaries according to Loan Fund Transfer Agreement
- ❖ Completion of Project
  - Borrower shall ensure that Final Beneficiaries carry out and complete Sub-Projects **within 4 years**
- ❖ Increased Cost of Project
  - If total cost of Project exceeds EUR 177m other source of finance needs to be secured
- ❖ Procurement Procedure
  - Procurement needs to comply with **EIB Guide to Procurement and PPM**
  - Independent observers need to have **access to Sub-Project premises** at all stages of tendering
  - EIB will have right to review **tender evaluation reports** and prescribe **venue of tender evaluations** and the manner of **receipt and storage of bids**
  - **All contracts under Sub-Project** will need to provide for:
    - i. requirement for contractor to report to EIB and MoI genuine allegations, complaints or information about prohibited conduct;
    - ii. requirement that the relevant contractor keeps records of all transactions and expenditures in connection with Sub-Project;
    - iii. EIB's right in relation to prohibited conduct to review records of relevant contractors

# IV. Borrower Undertakings – Continuing Project Undertakings

## ❖ General

- Maintenance: maintain, repair, overhaul and renew all property forming part of the relevant Sub-Project
- Project assets: Retain ownership of all (or substantially all) assets comprising relevant Sub-Project or replace such assets in order to operate Sub-Project according to original purpose
- Insurance: Insure all works and property forming part of Sub-Project in accordance with Ukrainian industry practice for similar works of public interest
- Rights and Permits: Maintain in force all rights of way or use and all Authorisations necessary for the execution and operation of Sub-Project

## ❖ Environmental and Social Standards

- Sub-Projects need to be implemented and operated in compliance with Environmental and Social Standards and contracts with sub-contractors need to comply with ILO standards and occupational health and safety
- Funding for Sub-Projects requires prior completion of Environmental & Social Impact Assessment Study
- Sub-Projects will not be funded if they have potential to negatively affect site of nature conservation protected under national legislation or international agreements

## IV. Borrower Undertakings – Other Undertakings

- **No double financing** of same components of Sub-Projects with other funds made available by EIB or by other donors
  - ➔ does not prohibit co-financing of Sub-Projects by other donors or funding by Mol of other components of a Sub-Project;
  - ➔ does not apply to blending of grants from donors with funds from EIB
- EIB needs to be **notified of suspension of implementation** of any Sub-Project as well as of **grant or loan cancellation**
- Mol need to confirm to EIB that each Final Beneficiary has complied with all applicable **policies and guidelines** (Environmental and Social Standards, Guide to Procurement, PPM)
- Adequate **management system** for each Sub-Project needs to be in place that provides for best practice construction standards
- Mol need to provide to EIB prior to disbursement of first tranche (and semi-annually thereafter) initial and updated **disbursement schedule and procurement plan**
- EIB to review and approve each **Loan Fund Transfer Agreement** before these are executed



## V. Information and Visits

- ❖ Updates on price design, plans, timetable, or to the expenditure programme or financing plan for Sub-Projects need to be communicated to EIB
- ❖ EIB also needs to be informed of any objection or genuine **complaint** raised by a third party about the Sub-Projects
- ❖ Mol is responsible for providing to EIB evidence of **insurance of Sub-Project assets**
- ❖ Loan Fund Transfer Agreement will require **permission** by Final Beneficiaries to EIB designated persons (may be accompanied by representatives of European Court of Auditors, European Commission, and European Anti-Fraud Office) to visit Sub-Project sites, interview Final Beneficiaries and review books and records in relation to execution of Sub-Projects

Thank you for your attention.

For questions, please contact:

**Henry Möykkynen**

European Investment Bank

[h.moykkynen@eib.org](mailto:h.moykkynen@eib.org)

+352437982537