

DOCUMENT OF THE EUROPEAN BANK  
FOR RECONSTRUCTION AND DEVELOPMENT

Approved by the Board of Directors on 15 December 2021 <sup>1</sup>

UKRAINE  
UKRAINE ROAD CORRIDORS

*[Redacted in line with the EBRD's Access to Information Policy]*

*[Information considered confidential has been removed from this document in accordance with the EBRD's Access to Information Policy (AIP). Such removed information is considered confidential because it falls under one of the provisions of Section III, paragraph 2 of the AIP]*

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<sup>1</sup> As per section 1.4.8 of EBRD's Directive on Access to Information (2019), the Bank shall disclose Board reports for State Sector Projects within 30 calendar days of approval of the relevant Project by the Board of Directors. Confidential information has been removed from the Board report.

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## PRESIDENT’S RECOMMENDATION

The attached report concerns the commitment of Tranche 3 of the Bank’s loan in the amount of up to EUR 190 million under Ukraine Road Corridors project (the “Project”) to be directed to the rehabilitation of the M-05 Kyiv-Odesa road sections in Kirovohrad, Mykolaiv and Odesa regions.

The Project was approved by the Board on 16 December 2020 and involves an operation in favour of Ukraine (the “Borrower”) in the amount of up to EUR 450 million, with proceeds to be on-lent to the State Road Agency of Ukraine (“Ukravtodor” or the “Client”). The loan is divided into three tranches, with Tranche 1 of up to EUR 100 million committed at signing on 18 December 2020. Tranche 2 of up to EUR 160 million and Tranche 3 of up to EUR 190 million are subject to separate Board approvals. The Bank’s loan is co-financed by a EUR 450 million loan from the European Investment Bank (“EIB”) which signed in November 2019.

The Project’s expected transition impact is based on the following qualities:

- *Well-Governed* including (i) the development and implementation of a comprehensive anti-corruption programme at Ukravtodor; (ii) implementation of a procurement practices reform involving the adoption of new standardised tender documents, qualification and evaluation criteria, internationally recognised forms of contracts and international procurement certification by the Client; (iii) strengthening of institutional capacity and procedures to improve the management of road safety in Ukraine; and (iv) development of an action plan to improve Ukravtodor’s readiness to support mass electric vehicle deployment in the country.
- *Integrated* including (i) support to the rehabilitation and construction of strategic road sections making part of the TEN-T corridor network; (ii) introduction of weigh-in-motion systems to manage the impact of overweight vehicles; and (iii) implementation of a strategic road safety risk assessment across the national road network to identify and prioritise high risk sections and related mitigation measures, and embed the road safety approach within the road sector management in Ukraine.

TC support for this operation is provided by the EBRD Shareholder Special Fund and EBRD Ukraine Stabilisation and Sustainable Growth Multi-Donor Account.

I am satisfied that the operation is consistent with the Bank’s Transport Sector Strategy 2019-2024, the Bank’s Strategy for Ukraine, the Green Economy Transition (GET) approach 2021-2025 and with the Agreement Establishing the Bank.

I recommend that the Board approve the proposed commitment substantially on the terms of the attached report.

**Odile Renaud-Basso**

## BOARD DECISION SHEET

## UKRAINE - Ukraine Road Corridors

<b>Transaction / Board Decision</b>	Board approval <sup>2</sup> is sought for the commitment of Tranche 3 in the amount of up to EUR 190 million under Ukraine Road Corridors project approved by the Board on 16 December 2020, which is a sovereign loan of up to EUR 450 million to Ukraine (the “ <b>Borrower</b> ”) with proceeds to be on-lent to the State Road Agency of Ukraine (“ <b>Ukravtodor</b> ” or the “ <b>Client</b> ”). The loan consists of three tranches: (i) Tranche 1 of up to EUR 100 million to finance the rehabilitation of the M-05 Kyiv-Odesa road section in Cherkasy region; (ii) Tranche 2 of up to EUR 160 million to finance the construction of a northern section of the bypass around the city of Lviv; and (iii) Tranche 3 of up to EUR 190 million to finance the rehabilitation of the M-05 Kyiv-Odesa road sections in Kirovohrad, Mykolaiv and Odesa regions. Tranche 1 was committed at signing of the loan on 18 December 2020. Commitment of Tranche 2, for which a separate Board approval will be sought, is expected in 2022 after the completion of due diligence. The Project is co-financed with a EUR 450 million loan from the EIB that signed in November 2019.
<b>Client</b>	The Borrower is Ukraine. Implementation will be done by Ukravtodor, the State Road Agency of Ukraine responsible for the management, development and operation of the national road network.
<b>Main Elements of the Proposal</b>	<p><u>Transition impact</u></p> <p><b>Primary Quality - Well-Governed:</b> The Project supports: (i) the development and implementation of a comprehensive anti-corruption programme at Ukravtodor; (ii) implementation of a procurement practices reform involving the adoption of new standardised tender documents, qualification and evaluation criteria, internationally recognised forms of contracts and international procurement certification by the Client; (iii) strengthening of institutional capacity and procedures to improve the management of road safety in Ukraine; and (iv) development of an action plan to improve Ukravtodor’s readiness to support mass electric vehicle deployment in the country.</p> <p><b>Secondary Quality - Integrated:</b> The Project supports (i) the rehabilitation and construction of strategic road sections making part of the TEN-T corridor network in Ukraine; (ii) introduction of weigh-in-motion systems to manage the impact of overweight vehicles; and (iii) implementation of a strategic road safety risk assessment across the national road network to identify and prioritise high risk sections and related mitigation measures, and embed the road safety approach within the road sector management.</p> <p><u>Additionality:</u></p> <p><i>Financing structure:</i> shortage of long-term commercial financing for large infrastructure projects where the needs cannot be met by a single financier; complementarity of the Bank’s funding and institutional conditionalities to the ones provided by other IFIs.</p> <p><i>Policy, sector, institutional or regulatory change:</i> ongoing policy dialogue aimed at increasing transparency, improving governance and road sector management.</p> <p><u>Sound banking</u> – The transaction is a sovereign loan.</p>
<b>Key Risks</b>	<p><i>Creditworthiness of Ukraine:</i> Sovereign credit rating of Ukraine stands at ‘B’ stable from S&amp;P, ‘B’ positive from Fitch, and ‘B3’ stable from Moody’s.</p> <p><i>Implementation risk:</i> Ukravtodor has considerable experience in implementing IFI-funded projects. The Bank’s Procurement Policies &amp; Rules (“<b>PPR</b>”) will apply to all contracts.</p> <p><i>COVID-19:</i> Ukravtodor has successfully managed the pandemic ensuring a continuation of the road works in line with the quarantine restrictions. [REDACTED].</p>
<b>Strategic Fit Summary</b>	The Project is consistent with the Bank’s Strategy for Ukraine, the Bank’s Transport Sector Strategy 2019-2024 and the Green Economy Transition ( <b>GET</b> ) approach 2021-2025.

<sup>2</sup> The decision is requested in accordance with Material and Non-material Change (Projects), Approval and Reporting Procedures (BDS96-157).

## 1. Background

On 18 December 2020, the Bank and Ukraine signed a EUR 450 million sovereign loan to finance (i) the rehabilitation of the M-05 Kyiv-Odesa road sections in Cherkasy, Kirovohrad, Mykolaiv and Odesa regions and (ii) construction of a northern section of the bypass around the city of Lviv. Tranche 1 of up to EUR 100 million for the rehabilitation of the M-05 section in Cherkasy region was committed at signing. The loan was declared effective on 12 November 2021 following the fulfilment of all conditions precedent.

The M-05 Kyiv-Odesa road is one of the busiest roads in the country connecting the capital to the biggest city in the south and the Black Sea ports. The road sections to be rehabilitated under the Project are identified as top priority in the State Road Sector Development Programme “Great Construction” for 2018-2022 approved by the Government of Ukraine. M-05 Kyiv-Odesa highway is part of the Pan-European Corridor IX that connects northern and southern Europe.

Over the last 20 years there has been a significant increase in traffic on this road, including heavy vehicles, which has resulted in a deterioration of the road’s condition leading to poor riding quality and a growing number of road accidents. Full reconstruction of the road pavement is now required together with an upgrade in the road safety measures, including the replacement of U-turns and introduction of pedestrian footbridges and underpasses, in order to restore the road’s function and upgrade it to modern standards. Other sections of the M-05 highway were rehabilitated as part of the Bank’s previous engagements with Ukravtodor, therefore Tranche 3, along with the already committed Tranche 1, would enable Ukravtodor to complete the rehabilitation and upgrade of the entire M-05 highway on a timely basis. Please refer to **Annex 1** for further details about the Project.

## 2. Rationale for the Request

As set forth in the Board approval for the Project, commitment of Tranches 2 and 3 is at the Bank’s sole discretion and subject to separate Board approvals. Such structure was motivated by the need to (i) complete due diligence for the respective tranches prior to approval.

[REDACTED]. [T]he due diligence for Tranche 3, which is earmarked to finance the rehabilitation of the M-05 Kyiv-Odesa road sections in Kirovohrad, Mykolaiv and Odesa regions, has already been completed. The Client has submitted a request to the Bank to commit Tranche 3, noting the importance of speeding up the implementation of this critical infrastructure project. The Client’s proposal is for procurement and implementation of Tranches 1 and 3 to proceed in parallel given that they finance adjacent sections of the M-05 Kyiv-Odesa road. [REDACTED].

Approval is sought to commit Tranche 3 of Ukraine Road Corridors Project in the amount of EUR 190 million on the basis of significant progress achieved to date with the implementation of transition milestones that form the conditions precedent to loan effectiveness and disbursement, as detailed in **Annex 2**. [REDACTED].

This report provides a summary of the Project implementation status, the results of due diligence completed for Tranche 3, and progress on the Project’s transition objectives.

### 3. Current Status

The loan was signed on 18 December 2020. Loan effectiveness was reached on 12 November 2021 following the completion of all conditions precedent to effectiveness.

#### *Procurement*

[REDACTED]. To date, two tender processes have been completed by the Client for the following contracts with contract negotiations being at the final stage:

- *Project Advisory and Monitoring Consultant* (loan financed);
- *Procurement Practices Reform Consultant* (TC financed).

[REDACTED]

#### *Technical Cooperation*

The Project includes 16 associated Donor Funded TCs with a total amount of TC funding of EUR 2.4 million. To date, 7 assignments have been completed (covering the due diligence for Tranches 1 and 3), 4 assignments are ongoing, and 5 assignments (Procurement Practices Reform; Strategic Road Safety Risk Assessment; ESIA for Tranche 2; Lenders' Technical Monitor; and Stakeholder Engagement Support and Capacity Building) are at the contracting stage and expected to be launched shortly.

#### *Sovereign Update*

After a contraction in 2020 (-4.0% y-o-y) and the first quarter of 2021 (-2.2% y-o-y) as a consequence of reduced foreign demand and COVID-19 pandemic containment measures, the Ukrainian economy has returned to growth in the second quarter of 2021 (+5.7% y-o-y) supported by higher commodity prices. [REDACTED]. The ratio of public and publicly guaranteed debt to GDP increased to 60.8% in 2020 due to the output decline, depreciation of the currency and increasing financing needs. IMF expects the debt to resume its downward trajectory post-2020, falling to below 50% of GDP by 2024. Ukraine's official reserve assets increased to USD 29.7 billion. [REDACTED].

#### *Client*

Ukravtodor is a budget agency managing the funds collected by the state from road user charges and allocated for road network maintenance and development. The sector revenues accumulate in a special Road Fund of the state budget, which was introduced on a permanent basis from 2018 according to a law adopted by the Parliament in 2016, as part of the Bank's conditionalities. The distribution of proceeds is 60% to national roads (managed by Ukravtodor), 35% to regional roads (managed by regional administrations) and 5% to a special road safety fund. Ukravtodor does not produce financial statements of its own and its creditworthiness is that of the state.

#### *COVID-19 Impact*

Ukravtodor has successfully managed the pandemic ensuring continued progress of road works in line with the quarantine restrictions [REDACTED].

### 4. Economic Assessment

An economic analysis was carried out by an independent consultant in line with the Bank's methodology and incorporating shadow carbon pricing approach. The results

indicate that the reconstruction of M-05 section under Tranche 3 is economically viable [REDACTED].

## **5. Environmental and Social Due Diligence**

Tranche 3 (rehabilitation of the M05 Kyiv-Odesa road section in Kirovohrad, Mykolaiv and Odesa regions) is categorised B under the 2014 ESP. At this time, Board approval is sought for Tranche 3 only. The Environmental and Social Impact Assessment (“ESIA”) for Tranche 2 (24 km northern section of the Lviv bypass) is still under preparation and will be submitted to Board for consideration after the ESIA has been completed and disclosed to public for review and comments for a minimum of 120 days.

The independent Environmental and Social Due Diligence (“ESDD”) of the Client and the Tranche 3 project has confirmed that the rehabilitation of the existing road will result in environmental and social benefits and safety improvements. The majority of adverse environmental and social impacts are expected to be temporary in nature, primarily limited to the construction activities and are readily addressed through appropriate mitigation measures. Potential cumulative environmental and social impacts for the whole Tranche 3 road section have been characterised and assessed within the scope of ESDD and no material negative cumulative impacts were identified. The ESDD has confirmed that the Borrower’s overall capacity, and related EHSS management systems, are generally aligned with the Bank’s Performance Requirements (“PRs”). Furthermore, the Borrower is an existing client of the Bank, and has demonstrated satisfactory performance to date on previous projects.

Local EIAs (“OVOS”) have been undertaken in accordance with national requirements to evaluate the risks and impacts associated with the Tranche 3 road section. Findings from the ESDD and Road Safety Audit have been taken into account by the designers and integrated into the project design and are expected to be approved by the State expertise.

Whilst the project is generally found to be structured to meet EBRD PRs, the ESDD has identified a number of gaps to be further addressed through the implementation of an Environmental and Social Action Plan (“ESAP”) which will be agreed before the Board consideration of the Project. Particular focus is needed on management systems, labour, stakeholder engagement and road safety.

The ESDD identified that stakeholder engagement and public consultations have been limited and not all Project details regarding the benefits and impacts of the Project were sufficiently communicated to the stakeholders. Additional engagement activities with local communities and businesses adjacent to the road were undertaken during the due diligence. Stakeholder engagement activities will need to be continued by the Client in line with the developed Stakeholder Engagement Plan (“SEP”) including a particular focus on consultations with the local communities, local businesses and road users specifically on road safety benefits from closing U-turns, additional road safety measures and U-turn alternatives and connection routes. Feedback from these consultation activities will inform the final detailed design of the Project. Broader engagement will continue prior to and during construction and operation, with a continued focus on road safety in adjacent communities, land acquisition and any temporary or permanent changes to access to the M-05 route.

Occupational health and safety (“OHS”) risks are related mainly to the construction phase and will be further elaborated and included into Construction Environmental and Social Management Plan to be provided by the contractors. The construction contractors will be required to comply with the relevant requirements in PR2 including preparation of an HR policy, recruitment procedures and workforce code of conduct, and accommodation standards. If any on-site accommodation is required for workforce it will need to be sited appropriately to minimise E&S impacts and meet EBRD guidelines for workforce accommodation.

Permanent additional land acquisition needs are estimated as 85 ha, primarily for additional interchanges to replace closed U-turns. The location of 3 such interchanges and the land acquisition needs is not yet defined. Due diligence identified some legacy issues in relation to historical land acquisition, where 124 non-residential land parcels used for previous road infrastructure, including partially constructed interchanges (which will be completed for the Project), were not compensated. The existing Resettlement Policy Framework (“RPF”) prepared in line with both national and MDB (EIB and EBRD) requirements, has been updated to account for the results of the due diligence, including entitlements and compensation provisions to address legacy issues, has been agreed with the Client. A Resettlement Action Plan (“RAP”) will be developed, disclosed and implemented by the Client prior to construction activities commencing. The RAP will also cover any entitlements needed for permanent and temporary impacts associated with loss of access to the M-05 road from existing formal and informal roadside businesses.

No negative biodiversity impacts are expected. Additional noise and air quality studies are required during detailed design to identify areas where installation of noise mitigation measures and additional monitoring may be required.

A road safety audit has been completed and confirmed significant improvements in relation to the baseline scenario with a number of good international road safety practice measures introduced. The most important improvement is that all at-grade pedestrian crossings have been replaced by footbridges or underpasses and 67 out of 80 U-turns will be closed or replaced with 19 new grade separated interchanges introduced to the Project. The Bank also will continue broader involvement into policy dialogue and Road Safety reforms already agreed at the time of Tranche 1 approval and also will continue with additional engagement with the Client to close all other remaining U-turns subject to alternative access arrangements being finalised and consultation with local communities on the proposed solutions.

The ESAP has been developed to address the issues raised above, and also to include further improvements to the environmental and social management at all stages of the Project implementation. The ESAP includes: inclusion of E&S provisions in the construction contracts and preparation and implementation of a Construction Environmental and Social Management Plan; integration of climate adaptation measures; improvements in noise and air monitoring; formalising and developing improved labour and OHS procedures and practices; traffic management plans and safety and emergency response procedures. In addition, a workers’ grievance mechanism will be implemented by both the Client and the Construction contractor specifically for this Project.

The Bank will support the Client through assistance with capacity building and developing the institutional capacity to implement the Project in accordance with the

PRs and ESAP. TC support will be necessary for development and implementation of the RAP. The environmental and social performance of the Project and implementation of the ESAP will be monitored through annual E&S reports and site visits when deemed necessary.

## 6. Transition Impact

The Project's TI objectives were last reviewed in July 2021 and assessed as "on-track" [REDACTED].

The Project's primary TI quality is *Well-Governed* focusing on the following objectives: (i) the development and implementation of a comprehensive anti-corruption programme at Ukravtodor; (ii) implementation of a procurement practices reform involving the adoption of new standardised tender documents, qualification and evaluation criteria, internationally recognised forms of contracts and international procurement certification by the Client; (iii) strengthening of institutional capacity and procedures to improve the management of road safety in Ukraine; and (iv) development of an action plan to improve Ukravtodor's readiness to support mass electric vehicle deployment in the country.

Despite the still early implementation stage of the Project, the following significant progress has been achieved to date on the above transition objectives:

- (i) The Anti-Corruption Action Plan ("ACAP") was prepared with the help of independent consultants and adopted by Ukravtodor in October 2021 and its implementation has started;
- (ii) The E-Mobility Action Plan was prepared and is currently under discussion with the key stakeholders (Ukravtodor and the Ministry of Infrastructure), the Plan is expected to be adopted before the end of 2021;
- (iii) The establishment of the Road Safety Department at Ukravtodor is in progress, in line with the recommendations of external consultants, and is expected to be completed in December 2021.

Other TI objectives are also on track despite certain delays. [REDACTED].

The Project's secondary TI quality is *Integrated* focusing on (i) the rehabilitation and construction of strategic road sections making part of the TEN-T corridor network in Ukraine; (ii) introduction of weigh-in-motion systems to manage the impact of overweight vehicles; and (iii) implementation of a strategic road safety risk assessment across the national road network to identify and prioritise high risk sections and related mitigation measures, and embed the road safety approach within the road sector management.

The implementation of these TI objectives is also on track. Enhanced quality of infrastructure will be delivered as a result of the Project including enhanced road safety measures and introduction of intelligent transport systems such as weigh-in-motion. The Strategic Road Safety Risk Assessment on the national road network is expected to start in January 2022. [REDACTED].

**7. Integrity**

[REDACTED]. All actions required by applicable EBRD procedures relevant to the prevention of money laundering, terrorist financing and other integrity issues have been taken with respect to the Project, and the Project files contain the integrity checklists and other required documentation which have been properly and accurately completed to proceed with the Project.

**8. Projected Profitability for the Bank**

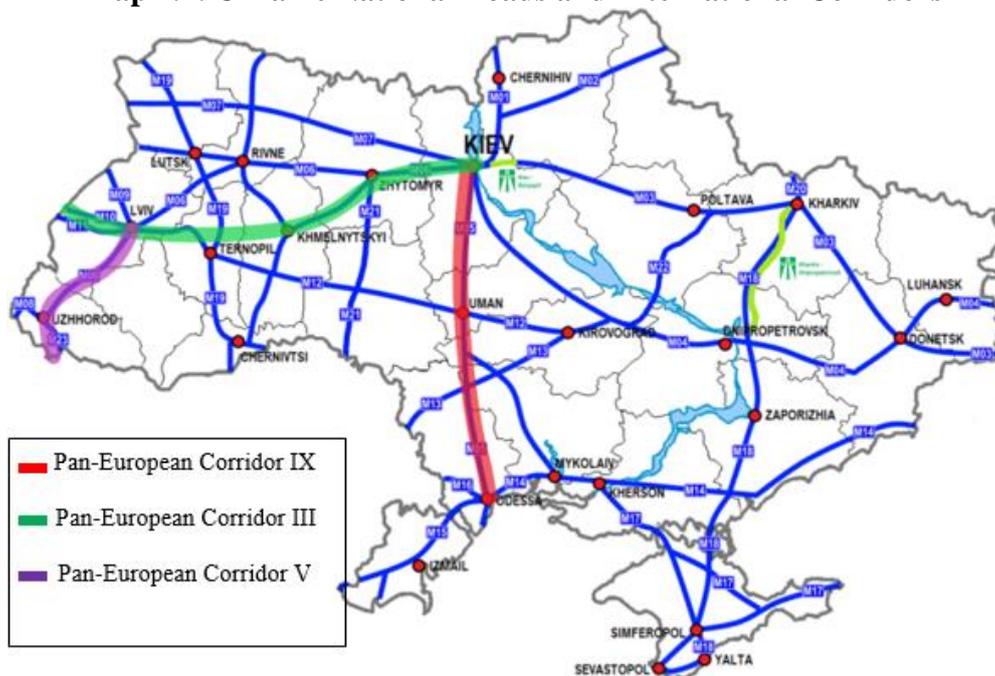
[REDACTED]

## ANNEXES

## ANNEX 1 - Project Description

The road sections financed under the Project are part of strategic European road corridors. In particular, M-05 Kyiv-Odesa highway is part of the Pan-European Corridor IX that connects northern and southern Europe, while Lviv by-pass is part of the M-06 Kyiv-Chop highway that lies along the Pan-European Corridors III and V as well as the "Europe-Asia" transport route. Therefore, the two routes play a key role for the country's connectivity, both domestically and to the EU. Other parts of the M-05 and M-06 highways were rehabilitated as part of the Bank's previous engagement with Ukravtodor including four projects for a total amount of EUR 825 million resulting in the rehabilitation of over 900 km of roads. The Project would allow to complete the rehabilitation and upgrade of these two strategic corridors.

**Map 1.1: Ukraine National Roads and International Corridors**



### M-05

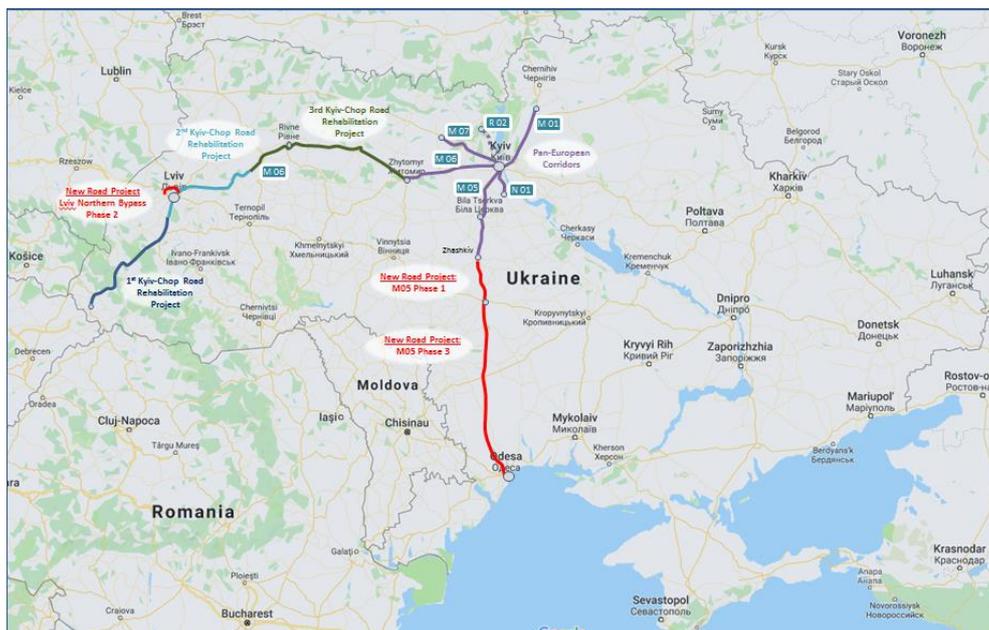
The M05 Kyiv-Odesa road links the capital city of Kyiv to the Ukrainian Black Sea port of Odesa. The port of Odesa region is among the busiest trading areas in the Black Sea basin and is critical for imports and exports. The M-05 forms part of international routes connecting Ukraine with Europe, namely: United Nations International E-road network (E95: Saint Petersburg (Russia) – Haradok (Belarus) – Kyiv (Ukraine) – Odesa (Ukraine) – Samsun (Turkey) – Merzifon (Turkey)); Trans-European transportation corridor IX; and Pan-European corridors III, V, and IX. It is an existing critical link and requires urgent rehabilitation, as recognised by TEN-T and the Ukrainian Government.

The planned rehabilitation works associated with the Project will advance the M-05 to become the first highway in Ukraine to be graded at a European level. The Project covers rehabilitation of the road network spanning over 300 km along the M-05 road and includes:

- Reconstruction of dual carriageway roads
- Repair of bridges
- Construction of pedestrian bridges, footways and climbing lanes;
- Improvements to drainage; and
- Road safety improvements including street lighting, installation of safety barriers, road marking, closure of U-turns and construction of additional interchanges.

The rehabilitation of the M05 road will be conducted in two phases comprising a 85 km section in Cherkasy region (Tranche 1) and a 223 km section in Kirovohrad, Mykolaiv and Odesa regions (Tranche 3). The Project will complement the road rehabilitation work performed as part of the previous four Bank projects with Ukravtodor.

**Map 1.2: Existing Bank Road Projects in Ukraine and Current Project**



### **M-05 Tranche 3 Section**

Tranche 3 of the Project foresees the rehabilitation of the M-05 Kyiv-Odesa road sections in Kirovohrad, Mykolaiv and Odesa regions (km 237-467). The length of the Project road section in Kirovohrad region is 37.3 km, in Mykolaiv region – 32.6 km and in Odesa region – 153.1 km.

Over the last 20 years, there has been a significant increase in traffic on the M-05 road in general and the Project section in particular, including heavy vehicles, which has resulted in a deterioration of the road's condition leading to poor riding quality and a growing number of road accidents. Full reconstruction is now required together with an upgrade in the road safety measures. The Project will be implemented within the existing road alignment but will require land acquisition for the construction of grade-separated interchanges.

Furthermore, currently there is a large number of U-turns on the Project road section, which significantly increases the risk of high severity crashes. According to the road safety audit conclusions, out of 80 U-turns, 67 are planned to be closed or replaced with 19 new grade separated interchanges, and 13 will be subject to further studies and planned mid-term closure.

**ANNEX 2 - Summary of Progress with Conditions Precedent**

[REDACTED]

## ANNEX 3 - Economic Appraisal of Tranche 3

### 1. Traffic

#### 1.1 Existing Traffic Flows

The data on existing traffic on the M-05 section in Kirovohrad, Mykolaiv and Odesa regions (Tranche 3) in the 2021 base year were taken from the National Transport Model of Ukraine [REDACTED].

In the base year, AADT traffic on different parts of the Project section was between 9,000 and 22,000. In terms of composition, 58.4% were cars, 2.8% minibuses, 0.7% buses, 8.7% light goods vehicles, 2.3% two-axle trucks, 8.6% mid/heavy trucks and 18% articulated trucks. The majority of the traffic on the M-05 highway is long-distance traffic travelling between Odesa Port and Kyiv [REDACTED].

#### **ANNEX 4 - Anti-Corruption Action Plan Summary**

The purpose of the Anti-Corruption Action Plan (“ACAP”) is to build a robust approach to integrity compliance at Ukravtodor through improving the governance and internal anti-corruption controls, policies and procedures and creating a culture of integrity throughout the organization. [REDACTED].

## **ANNEX 5 - Ukraine Country Update**

[REDACTED]. Moody's upgraded Ukraine's long-term foreign currency sovereign credit rating from 'Caa1' with positive outlook to 'B3' with stable outlook in June 2020, confirming the rating in April 2021. In August 2021, Fitch confirmed the rating at 'B' and changed the outlook from stable to positive. S&P confirmed the rating at 'B' with stable outlook in September 2021. The rating agencies mention credible macroeconomic management which narrowed fiscal deficits prior to 2020, commitment to inflation-targeting, reduced external vulnerability including due to augmented FX reserves, access to financial markets and to multilateral support and concessional IFI financing on the back of reform implementation as rating strengths. [REDACTED].

**ANNEX 6 - Updated Procurement Plan**

[REDACTED]

## ANNEX 7 - Green Annex

Prior to COP26, Ukraine updated its commitment under the Paris Agreement. New Ukrainian NDC target corresponds to an economy wide absolute GHG reduction of 65% by 2030, compared to 1990 GHG emissions level. By 2030 Ukraine plans to create a baseline for adaptation to climate change in order to increase resilience and reduce vulnerability to climate change.

On 20 October 2021, the Cabinet of Ministers of Ukraine approved the Environmental Security and Climate Adaptation Strategy until 2030. According to the Strategy, the transport sector of Ukraine is considered among the most vulnerable to climate change, in particular to extreme high and low temperatures, heavy rainfall and snowfall, flooding and high winds.

### *National Level Assessment of the Climate Resilience of the Ukraine Multi-Modal Transport Network*

In the context of the National Level Assessment, EBRD engaged independent consultants to undertake an evaluation of the criticality and vulnerability of Ukraine's transport network (comprising road, rail air and waterborne transport modes) through a detailed climate risk assessment of critical infrastructure. This study confirmed a robust evidence base, analysed the exposure of the network to climate hazards and proposed a range of engineering and natural interventions, as well as operational and maintenance measures to enhance network resilience and support adaptation planning, including developing associated decision support tools and guidance materials to support transport operations. Collectively, these will enable national transport authorities to assess, prioritise, mitigate and manage the negative impacts of natural hazards and manmade disasters, for the benefit of people living and working in Ukraine.

As part of this National Level Assessment, the climate resilience aspects of the Project were assessed and measures were proposed to improve the resilience of the Project and Ukraine's road network to the impacts of climate change. The results of this analysis and recommendations are summarised below. [REDACTED].