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LOAN NUMBER 2485-PAK(SF)

LOAN AGREEMENT  
(Special Operations)

(Punjab Millennium Development Goals Program – Subprogram 1)

between

ISLAMIC REPUBLIC OF PAKISTAN

and

ASIAN DEVELOPMENT BANK

DATED 17 DECEMBER 2008

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LPS:PAK 41641

**LOAN AGREEMENT  
(Special Operations)**

LOAN AGREEMENT dated 17 December 2008 between ISLAMIC REPUBLIC OF PAKISTAN (the "Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) ADB has received from the Borrower and the Province of Punjab (hereinafter called "Punjab") a development policy letter dated 17 September 2008 (hereinafter called the "Policy Letter"), setting forth the objectives, policies and actions designed to help Punjab attain the Millennium Development Goals for reducing the infant mortality and maternal mortality rates, as more fully described in Schedule 1 to this Loan Agreement (hereinafter called the "Program");

(B) the Program comprises the first subprogram of a program cluster, as described in Schedule 1 to this Loan Agreement (hereinafter called the "Program Cluster"), and the Borrower has applied to ADB for a loan from ADB's Special Funds resources for the purposes of the Program;

(C) the Program will be carried out by Punjab, and for this purpose the Borrower will make available to Punjab the Rupee proceeds generated from the Loan provided for herein upon terms and conditions mutually agreed between the Borrower and Punjab and satisfactory to ADB; and

(D) ADB has, on the basis inter alia of the foregoing, agreed to make a loan to the Borrower from its Special Funds resources upon the terms and conditions hereinafter set forth and in the Program Agreement of even date herewith between ADB and Punjab (hereinafter called the "Program Agreement");

NOW THEREFORE the parties agree as follows:

**ARTICLE I**

**Loan Regulations; Definitions**

Section 1.01. All the provisions of the Special Operations Loan Regulations of ADB, dated 1 January 2006 (the "Loan Regulations"), are hereby made applicable to this Loan Agreement with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications:

(a) Section 2.01(24) is deleted and the following is substituted therefor:

24. The term "Program" means the program for which ADB has agreed to make the Loan, as described in the Loan

Agreement and as the description thereof may be amended from time to time by agreement between ADB and the Borrower.

(b) The term "Project" wherever it appears in the Loan Regulations shall be substituted by the term "Program".

(c) Section 2.01(26) is deleted and the following is substituted therefor:

26. The term "Program Executing Agency" means the entity or entities responsible for the carrying out of the Program as specified in the Loan Agreement.

(d) The term "Project Executing Agency" wherever it appears in the Loan Regulations shall be substituted by the term "Program Executing Agency".

(e) Section 6.05 (c) is deleted and the following is substituted therefor:

(c) Promptly after the closing date for withdrawals from the Loan Account, but in any event not later than three (3) months thereafter or such later date as may be agreed for this purpose between the Borrower and ADB, the Borrower shall prepare and furnish to ADB a report, in such form and in such detail as ADB shall reasonably request, on the execution of the Program, including its cost, the performance by the Borrower of its obligations under this Loan Agreement and the accomplishment of the purposes of the Loan.

Section 1.02. Wherever used in this Loan Agreement, unless the context otherwise requires, the several terms defined in the Loan Regulations have the respective meanings therein set forth, and the following additional terms have the following meanings:

(a) "BHU" means a basic health unit;

(b) "Counterpart Funds" means the Rupee proceeds accruing to the Borrower and generated from the Loan proceeds under the Program;

(c) "Deposit Account" means the account referred to in paragraph 4 of Schedule 3 to this Loan Agreement;

(d) "DG" means a district government in Punjab;

(e) "DHIS" means the district health information system;

(f) "Eligible Items" means the goods imported under the Program (except those specifically excluded pursuant to Attachment 1 to Schedule 3 to this Loan Agreement), the foreign exchange costs of which are eligible for financing out of the proceeds of the Loan;

(g) "Financial Year" or "FY" means the period from 1 July of the current year to 30 June of the following year;

- (h) "FMC" means the Financial Management Cell to be established in HD;
- (i) "HD" means the Health Department of Punjab, and any successor thereto;
- (j) "MNCH" means maternal, neonatal and child health;
- (k) "MSDS" means the minimum service delivery standards notified by Punjab on 31 December 2007;
- (l) "ODGHS" means the Office of Director General, Health Services in HD;
- (m) "Policy Actions" means the policy actions that are set forth in the Policy Matrix and in Attachment 2 to Schedule 3 to this Loan Agreement and are to be fulfilled in order for the Loan proceeds to be released;
- (n) "Policy Matrix" means the policy matrix as referred to in the Policy Letter and agreed between the Borrower and ADB, and which sets out inter alia the Policy Actions;
- (o) "Program Executing Agency" means, for the purposes and within the meaning of the Loan Regulations, HD and any successor thereto; and
- (p) "Rupees" or the sign "Rs" means Pakistan rupees, the currency of the Borrower.

## **ARTICLE II**

### **The Loan**

Section 2.01. ADB agrees to lend to the Borrower from ADB's Special Funds resources an amount in various currencies equivalent to sixty-three million seven hundred thirty thousand Special Drawing Rights (SDR 63,730,000).

Section 2.02. (a) The Borrower shall pay to ADB an interest charge at the rate of one percent (1%) per annum during the grace period, and one and one-half percent (1.5%) per annum thereafter, on the amount of the Loan withdrawn from the Loan Account and outstanding from time to time.

(b) The term "grace period" as used in paragraph (a) of this Section means the period prior to payment of the first principal amount of the Loan on the payment date in accordance with the amortization schedule set forth in Schedule 2 to this Loan Agreement.

Section 2.03. The interest charge and any other charge on the Loan shall be payable semiannually on 15 January and 15 July in each year.

Section 2.04. The Borrower shall repay the principal amount of the Loan withdrawn from the Loan Account in accordance with the amortization schedule set forth in Schedule 2 to this Loan Agreement.

Section 2.05. The currency of repayment of the principal of the Loan and the currency of payment of the interest charge for the purposes of Sections 4.03(a) and 4.04 of the Loan Regulations shall be Dollar.

### **ARTICLE III**

#### **Use of Proceeds of the Loan**

Section 3.01. The Borrower shall make the Counterpart Funds available to Punjab upon terms and conditions mutually agreed between the Borrower and Punjab and satisfactory to ADB.

Section 3.02. The proceeds of the Loan may be withdrawn from the Loan Account for the purposes of financing foreign currency expenditures incurred for Eligible Items under the Program in accordance with the provisions of Schedule 3 to this Loan Agreement, as such Schedule may be amended from time to time by agreement between the Borrower and ADB.

Section 3.03. Except as ADB may otherwise agree, all Eligible Items to be financed out of the proceeds of the Loan shall be procured in accordance with the provisions of Schedule 4 to this Loan Agreement.

Section 3.04. Withdrawals from the Loan Account shall be made only on account of expenditures relating to Eligible Items which:

- (a) are produced in, and are supplied from, such member countries of ADB as shall have been specified by ADB from time to time as eligible sources for procurement, and
- (b) meet such other eligibility requirements as shall have been specified by ADB from time to time.

Section 3.05. Except as ADB may otherwise agree, no withdrawals shall be made from the Loan Account in respect of expenditures for Eligible Items incurred more than one hundred eighty (180) days prior to the Effective Date.

Section 3.06. The Loan Closing Date for the purposes of Section 8.02 of the Loan Regulations shall be 30 April 2009 or such other date as may from time to time be agreed between the Borrower and ADB.

## ARTICLE IV

### Particular Covenants

Section 4.01. (a) The Borrower shall, and shall cause Punjab to, carry out the Program with due diligence and efficiency and in conformity with sound administrative, financial, environmental, and health sector practices.

(b) In the carrying out of the Program, the Borrower shall, and shall cause Punjab to, perform all obligations set forth in Schedule 5 to this Loan Agreement.

Section 4.02. (a) The Borrower shall maintain records and documents adequate to identify the Eligible Items financed out of the proceeds of the Loan, and shall cause Punjab to maintain records and documents adequate to record the progress of the Program.

(b) The Borrower shall enable ADB's representatives to inspect any relevant records and documents referred to in paragraph (a) of this Section.

Section 4.03. (a) As part of the reports and information referred to in Section 6.05 of the Loan Regulations, the Borrower shall furnish, or cause to be furnished, to ADB all such reports and information as ADB shall reasonably request concerning (i) the Counterpart Funds and the use thereof; and (ii) the implementation of the Program, including the accomplishment of the targets and carrying out of the actions set out in the Policy Letter.

(b) Without limiting the generality of the foregoing or Section 6.05 of the Loan Regulations, the Borrower shall furnish, or cause to be furnished, to ADB quarterly reports on the carrying out of the Program and on the accomplishment of the targets and carrying out of the actions set out in the Policy Letter.

## ARTICLE V

### Effectiveness

Section 5.01. A date thirty (30) days after the date of this Loan Agreement is specified for the effectiveness of the Loan Agreement for the purposes of Section 9.04 of the Loan Regulations.

**ARTICLE VI**

**Miscellaneous**

Section 6.01. The Secretary, Economic Affairs Division, Ministry of Economics Affairs and Statistics of the Borrower is designated as representative of the Borrower for the purposes of Section 11.02 of the Loan Regulations.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the Loan Regulations:

For the Borrower

The Secretary  
Economic Affairs Division  
Government of the Islamic Republic of Pakistan  
Islamabad, Pakistan

Facsimile Numbers:

(92-51) 920-5971  
(92-51) 921-0734

For ADB

Asian Development Bank  
P.O. Box 789  
0980 Manila, Philippines

Facsimile Numbers:

(632) 636-2444  
(632) 636-2424.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their respective names and to be delivered at the principal office of ADB, as of the day and year first above written.

ISLAMIC REPUBLIC OF PAKISTAN

By 

FARRAKH QAYYUM  
Authorized Representative

ASIAN DEVELOPMENT BANK

By 

RUNE STROEM  
Country Director  
Pakistan Resident Mission

**SCHEDULE 1****Description of the Program**

1. The objective of the Program Cluster is to assist Punjab to attain the Millennium Development Goals relating to infant and maternal mortality rates by reducing such rates. The outcome of the Program Cluster will be improved access to, and quality and equity of, health services. The Program Cluster comprises three subprograms, and the Program is the first subprogram.
2. The Program will assist the Punjab to undertake health sector reforms to (i) improve the availability and quality of primary and secondary health services; (ii) better manage health service delivery; and (iii) develop a sustainable and pro-poor health care financing system. The core policy areas are as follows: (a) improved availability and quality of primary and secondary health services (Core Policy Area 1); (b) better management of health service delivery (Core Policy Area 2); and (c) sustainable pro-poor health financing (Core Policy Area 3).
3. In support of the Program:
  - (a) the proceeds of the Loan shall be used to finance the foreign exchange costs of Eligible Items; and
  - (b) the Counterpart Funds shall be used to finance the local currency costs relating to the implementation of certain programs and other activities consistent with the objectives of the Program, pursuant to the provisions of paragraph 8 of Schedule 5 to this Loan Agreement.
4. The proceeds of the Loan are expected to be utilized by 30 April 2009.

**SCHEDULE 2****Amortization Schedule****(Punjab Millennium Development Goals Program – Subprogram 1)**

<u>Date Payment Due</u>			<u>Payment of Principal</u> (expressed in Special Drawing Rights)*
15	January	2017	1,991,563
15	July	2017	1,991,563
15	January	2018	1,991,563
15	July	2018	1,991,563
15	January	2019	1,991,563
15	July	2019	1,991,563
15	January	2020	1,991,563
15	July	2020	1,991,563
15	January	2021	1,991,563
15	July	2021	1,991,563
15	January	2022	1,991,563
15	July	2022	1,991,563
15	January	2023	1,991,563
15	July	2023	1,991,563
15	January	2024	1,991,563
15	July	2024	1,991,563
15	January	2025	1,991,563
15	July	2025	1,991,563
15	January	2026	1,991,563
15	July	2026	1,991,563
15	January	2027	1,991,563
15	July	2027	1,991,563
15	January	2028	1,991,563
15	July	2028	1,991,563
15	January	2029	1,991,563
15	July	2029	1,991,563
15	January	2030	1,991,563
15	July	2030	1,991,563
15	January	2031	1,991,563
15	July	2031	1,991,563
15	January	2032	1,991,563
15	July	2032	1,991,547
Total			63,730,000

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\*The figures in this column represent SDR equivalents determined as of the respective dates of withdrawal. The arrangements for payment of each maturity are subject to the provisions of Sections 3.04 and 4.03 of the Loan Regulations.

### SCHEDULE 3

#### Withdrawal of Loan Proceeds

1. Except as ADB may otherwise agree, the following provisions of this Schedule shall apply to the withdrawal of Loan proceeds from the Loan Account.

2. (a) Withdrawals from the Loan Account shall be made for the financing of the cost of Eligible Items.

(b) No withdrawals from the Loan Account shall be made in respect of any expenditures which have been financed by credits from official international or bilateral aid agencies or any other loans made by ADB.

3. (a) An application for withdrawal from the Loan Account shall be submitted to ADB by the Borrower and shall be in a form satisfactory to ADB.

(b) Such withdrawal application shall be accompanied by a certificate of the Borrower confirming that (i) in case the proceeds of the Loan will finance imports already made, the value of Eligible Imports in the period concerned exceeded the amount of the requested withdrawal, or (ii) in case the proceeds of the Loan will finance items to be imported, the value of Eligible Imports in the immediately preceding one-year period was equal to or greater than the amount of the requested withdrawal plus all other amounts expected to be withdrawn from the Loan Account during the succeeding one-year period.

(c) For the purposes of this paragraph, the term "Eligible Imports" means the total imports of the Borrower during the relevant period minus the following imports during the same period:

- (i) imports from countries which are not members of ADB;
- (ii) imports for ineligible items specified in Attachment 1 to this Schedule; and
- (iii) imports financed from credits from official international or bilateral aid agencies or any other loans made by ADB.

(d) The Borrower shall allow experts appointed by ADB to verify the value of Eligible Imports during any period in respect of which the Borrower has certified the value of Eligible Imports in its withdrawal application.

4. (a) Prior to submitting the first application to ADB for withdrawal from the Loan Account, the Borrower shall nominate an account (the Deposit Account) at the State Bank of Pakistan into which all withdrawals from the Loan Account shall be deposited. The Deposit Account shall be established, managed and liquidated in accordance with terms and conditions satisfactory to ADB.

(b) Separate accounts and records in respect of the Deposit Account shall be maintained in accordance with consistently maintained sound accounting principles. Upon ADB's request, the Borrower shall have the Deposit Account audited by independent auditors, whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with appropriate auditing standards. Promptly after their preparation but in any event not later than six (6) months after the date of ADB's request, certified copies of such audited accounts and records shall be furnished to ADB, all in the English language.

(c) Throughout the Program implementation period, the Borrower shall submit trade statistics and any other information as ADB may require from time to time to assess the Borrower's compliance with the formula for determining Eligible Imports.

5. Notwithstanding any other provisions of this Loan Agreement or the Loan Regulations and except as ADB may otherwise agree, no withdrawal shall be made from the Loan Account unless ADB shall be satisfied, after consultation with the Borrower, that (a) sufficient progress has been achieved by the Borrower in the carrying out of the Program; and, in particular, (b) the Borrower has fulfilled the Policy Actions specified in Attachment 2 to this Schedule.

**Negative List**

1. Loan proceeds will finance the foreign currency expenditures for the reasonable cost of imported goods required during the Punjab Millennium Development Goals Program – Subprogram 1.
2. No withdrawals will be made for the following:
  - (i) expenditures for goods included in the following groups or sub-groups of the United Nations Standard International Trade Classification, Revision 3 (SITC, Rev. 3) or any successor groups or sub-groups under future revisions to the SITC, as designated by ADB by notice to the Borrower:

**Table A12: Ineligible Items**

<b>Chapter</b>	<b>Heading</b>	<b>Description of Items</b>
112		Alcoholic beverages
121		Tobacco, unmanufactured; tobacco refuse
122		Tobacco, manufactured (whether or not containing tobacco substitute)
525		Radioactive and associated materials
667		Pearls, precious and semiprecious stones, unworked or worked
718	718.7	Nuclear reactors, and parts thereof, fuel elements (cartridges), nonirradiated for nuclear reactors
728	728.43	Tobacco processing machinery
897	897.3	Jewelry of gold, silver or platinum-group metals (except watches and watch cases) and goldsmiths' or silversmiths' wares (including set gems)
971		Gold, nonmonetary (excluding gold ore and concentrates)

Source: United Nations.

- (ii) expenditures in the currency of the Borrower or of goods supplied from the territory of the Borrower;
- (iii) expenditures for goods supplied under a contract that any national or international financing institution or agency will have financed or has agreed to finance, including any contract financed under any loan or grant from the ADB;
- (iv) expenditures for goods intended for a military or paramilitary purpose or for luxury consumption;
- (v) expenditures for narcotics;
- (vi) expenditures for environmentally hazardous goods, the manufacture, use or import of which is prohibited under the laws of the Borrower or international agreements to which the Borrower is a party, and any other goods designated

as environmentally hazardous by agreement between the Borrower and ADB;  
and

- (vii) expenditures on account of any payment prohibited by the Borrower in compliance with a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations.

**Policy Actions**

In order for the Loan proceeds to be released, the following Policy Actions shall have been complied with to the satisfaction of ADB:

**Core Policy Area 1: Improved Availability and Quality of Primary and Secondary Health Services**

1.1 The Borrower shall ensure through Punjab that: (i) MSDS implementation guidelines have been developed and disseminated to all DGs; (ii) memoranda of understanding on DGs' achieving MSDS by no later than 2012 have been signed by at least 30 DGs; and (iii) 3-year rolling plans for implementing MNCH-related MSDS have been adopted by at least 30 DGs.

1.2 The Borrower shall ensure through Punjab that: (i) at least one additional midwife position per BHU (totaling about 2,500 posts) has been sanctioned and budgeted; (ii) about 150 additional gynecologist positions for tehsil headquarters hospitals (THQHs) and district headquarters hospitals (DHQHs) have been sanctioned and budgeted; and (iii) at least 90% of vacant Lady Health Visitors (LHV) positions (about 400) have been filled.

1.3 The Borrower shall ensure through Punjab that a conceptual framework has been adopted and financial needs for strengthening pre- and in-service training have been estimated, with focus on upgrading of training institutions.

1.4 The Borrower shall ensure through Punjab that: (i) Standard Medical Protocols (SMPs), Standard Operating (SOPs), and patient referral protocols have been adopted; and (ii) a training plan for all health staff has been prepared.

1.5 The Borrower shall ensure through Punjab that a stock-take of private practitioners covering, among others, categories of services, qualifications (with or without a license) and location has been published.

**Core Policy Area 2: Better Management of Health Service Delivery**

2.1 The Borrower shall ensure through Punjab that ODGHS has been reorganized and strengthened to monitor health system performance, including the implementation of MSDS.

2.2 The Borrower shall ensure through Punjab that a capacity development plan for district health teams and managers has been developed and implementation started, including establishment of a district support team at ODGHS.

2.3 The Borrower shall ensure through Punjab that DHIS is operational in at least 10 districts, and district health situation and service performance reported by the 10 DGs to ODGHS.

2.4 The Borrower shall ensure through Punjab that the drug and equipment procurement and supply management system has been reviewed and strategic options and recommendations for improvement have been prepared.

2.5 The Borrower shall ensure through Punjab that a third-party evaluation on the impact of contracting health services (to the Punjab Rural Support Program and the National Commission for Human Development) on health outcomes and outputs, and comparing them with outcomes and outputs of those districts that did not contract health services, is commissioned.

2.6 The Borrower shall ensure through Punjab that a conceptual framework on functional integration of various primary health programs and services has been finalized.

### **Core Policy Area 3: Sustainable Pro-Poor Health Care Financing**

3.1 The Borrower shall ensure through Punjab that a revised Budget Manual has been published and disseminated by the Punjab Finance Department to all provincial departments.

3.2 The Borrower shall ensure through Punjab that the Strategy and Policy Unit in HD has been fully staffed to improve templates designed for planning and budgeting of MNCH-related MSDS, and to consolidate medium-term financing plan for implementation of MNCH-related MSDS.

3.3 The Borrower shall ensure through Punjab that a conditional grant mechanism has been established and Rupees 3.5 billion in Counterpart Funds have been set aside by FD for allocation in FY 2009 as conditional grants to DGs (in addition to their regular budget) for implementation of MNCH-related MSDS.

3.4 The Borrower shall ensure through Punjab that the Budget Wing and the Development Wing within HD have been merged into an FMC tasked to prepare the recurrent and development budgets for the health sector and to monitor their execution.

3.5 The Borrower shall ensure through Punjab that the financial reporting mechanism by FMC to consolidate financial information on the health sector, including districts and all primary and secondary health care facilities, has been instituted, and interface with PIFRA has been established.

3.6 The Borrower shall ensure through Punjab that through regular Departmental Accounts Committee meetings, HD has cleared at least 1,000 outstanding audit observations for major cases.

3.7 The Borrower shall ensure through Punjab that a conceptual framework for improving internal controls based on an assessment of past audit issues has been prepared by HD.

3.8 The Borrower shall ensure through Punjab that a steering committee and a working group on health financing have been constituted, and the work plan for such working group has been developed.

3.9 The Borrower shall ensure through Punjab that HD has identified studies required for designing a pro-poor health financing system, including an out of pocket expenditure study, and developed terms of reference for such studies.

3.10 The Borrower shall ensure through Punjab that a conceptual framework for reducing health care expenditures burden on the poor has been prepared.

## **SCHEDULE 4**

### **Procurement**

1. Except as ADB may otherwise agree, the procedures referred to in the following paragraphs of this Schedule shall apply in the procurement of Eligible Items to be financed out of the proceeds of the Loan.

2. (a) Except as provided in subparagraph (b) of this paragraph, each contract for Eligible Items shall be awarded on the basis of either the purchaser's normal commercial procurement practices, in the case of procurement by the private sector, or the Borrower's prescribed procurement procedures, in the case of procurement by the public sector, having due regard for the principles of economy and efficiency.

(b) Each supply contract for Eligible Items which are commonly traded commodities shall be awarded on the basis of procedures appropriate to the trade and acceptable to ADB.

## SCHEDULE 5

### Program Implementation and Other Matters

#### Program Implementation Arrangements

1. The Borrower shall cause Punjab to appoint HD as the Program Executing Agency to be responsible for the overall implementation of the Program, including coordinating the implementation of policy actions by various departments, Program administration, disbursements, and maintenance of Program records.

#### Continuity and Coordination of Reforms

2. The Borrower shall, and shall cause Punjab to: (a) carry out the policies and actions in accordance with the schedule of reforms in the Policy Matrix and ensure that the reforms are sustained for and beyond the duration of the Program period; and (b) carry out its obligations as stipulated in this Schedule, this Loan Agreement and the Program Agreement, in a timely manner.

3. The Borrower shall ensure that adequate information be made available to Punjab to facilitate implementation of policies and actions in the Program that are connected with, or can be affected by, federal initiatives.

#### Policy Dialogue

4. The Borrower shall, and shall cause Punjab, to keep ADB informed of, and the Borrower and ADB shall from time to time exchange views on, the progress made in carrying out the Program.

5. The Borrower shall, and shall cause Punjab to, engage in policy dialogue with ADB, in a timely manner, on problems and constraints encountered during Program implementation and on appropriate measures to overcome or mitigate such problems and constraints.

6. The Borrower shall, and shall cause Punjab to, keep ADB informed of policy discussions with other multilateral or bilateral agencies that have implications for implementation of the Program, and shall provide ADB with an opportunity to comment on any resulting policy proposals. The Borrower shall, and shall cause Punjab to, take ADB's views into consideration before finalizing and implementing any such proposals.

#### Accounting and Auditing

7. The Borrower shall maintain separate accounts and records for the Loan in accordance with sound accounting principles. The accounts shall be audited annually in accordance with standards acceptable to ADB, and the Borrower shall provide ADB with certified copies of the audited accounts promptly after their preparation (and no later than six months after the close of the Financial Year for the relevant accounts).

Counterpart Funds

8. The Borrower shall, and shall cause Punjab to, ensure that the Counterpart Funds are used to meet the reform and other financing needs relating to the implementation of the Program, including allocation of Rupees 3.5 billion of such Counterpart Funds to finance conditional grants to DGs for the health sector.

Review and Evaluation of the Program

9. Without limiting the generality of Section 4.03 of this Loan Agreement, the Borrower shall, and shall cause Punjab to: (a) prepare quarterly progress reports and an annual report on Program implementation for submission to ADB and regularly update the Program website; and (b) prepare an annual report on its budget performance not later than six months after the conclusion of each Financial Year.

10. The Borrower shall, and shall cause Punjab to, undertake review of the Program, with the participation of ADB, for the design of subprograms 2 and 3 for the Program Cluster based on experiences gained under the Program and changes in circumstances to the external environment. Pursuant to the review, Punjab shall submit a report to ADB recommending any revisions to the indicative reforms for subprograms 2 and 3.

11. The Borrower acknowledges, and shall cause Punjab to acknowledge, that the review process described in paragraph 10 of this Schedule does not obligate ADB to make loans for any further subprogram under the Program Cluster and that any further subprogram is subject to ADB Board approval.