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LOAN NUMBER 2582-VIE(SF)

LOAN AGREEMENT  
(Special Operations)

(Secondary Education Sector Development Program)

between

SOCIALIST REPUBLIC OF VIETNAM

and

ASIAN DEVELOPMENT BANK

DATED 22 DECEMBER 2009

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LPS:VIE 40347

## **LOAN AGREEMENT (Special Operations)**

LOAN AGREEMENT dated 22 December 2009 between SOCIALIST REPUBLIC OF VIETNAM (the "Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

### WHEREAS

(A) ADB has received from the Borrower a development policy letter dated 20 October 2009 (the "Policy Letter"), setting forth certain objectives, policies and actions, described in Schedule 1 to this Loan Agreement, designed to develop the Borrower's secondary education sector (the "SESDP");

(B) The Borrower has applied to ADB for a Program Loan from its Special Funds resources for the purposes of the Program part of SESDP;

(C) The Borrower has also applied to ADB for a Project Loan from its Special Funds Resources for the purpose of the Project part of the SESDP as described in Schedule 1 to the Project Loan Agreement referred to in Recital (D) (the "Project");

(D) By an agreement of even date herewith between the Borrower and ADB (the "Project Loan Agreement"), ADB has agreed to lend to the Borrower from ADB's Special Funds resources an amount in various currencies equivalent to twenty five million seventy nine thousand Special Drawing Rights (SDR25,079,000) for the purpose of the Project;

(E) ADB has, on the basis inter alia of the foregoing, agreed to provide a Loan to the Borrower from ADB's Special Funds resources upon the terms and conditions hereinafter set forth;

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. The terms defined in the Loan Regulations are incorporated into this Loan Agreement, unless the context requires otherwise. In addition, the following terms have the following meanings:

(a) "BOET" means the Borrower's District Bureau of Education and Training or any successor thereto;

(b) "CCT" means the Borrowers' conditional cash transfer program to be piloted under the SESDP, for improving school enrollment, participation, and retention by providing conditional grants to households and lower secondary schools;

(c) "CECs" mean any and/or all of the Borrower's continuing education centers;

(d) "Counterpart Funds" mean the local currency proceeds accruing to the Borrower and generated from the Loan proceeds and referred to in paragraph 9 of Schedule 5 to this Loan Agreement;

(e) "CPMU" means the central Project management unit established in accordance with paragraph 3 of Schedule 5 to this Loan Agreement;

(f) "Deposit Account" has the meaning ascribed to it in paragraph 4(a) of Schedule 3 to this Loan Agreement;

(g) "DOET" means the Borrower's Provincial Department of Education and Training or any successor thereto;

(h) "Eligible Items" mean the goods imported under the Program (except those specifically excluded pursuant to the 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;

(i) "First Tranche" means the portion of the proceeds of the Loan in an amount not exceeding the equivalent of three million one hundred and thirty five thousand Special Drawing Rights (SDR3,135,000) to be initially withdrawn and utilized in accordance with paragraph 5 of Schedule 3 to this Loan Agreement;

(j) "HRM" means human resource management;

(k) "ICT" means information and communication technology;

(l) "LSE equivalency program" means the Borrower's non-formal education program for the students in CECs for obtaining the same graduation certificate as issued by the regular lower SE schools;

(m) "MOET" means the Ministry of Education and Training of the Borrower or any successor thereto;

(n) "MOF" means the Ministry of Finance of the Borrower or any successor thereto;

(o) "Policy Letter" means the development policy letter dated 20 October 2009 addressed by the Borrower to ADB and referred to in Recital (A) of this Loan Agreement;

(p) "Policy Matrix" means the policy reform matrix agreed between the Borrower and ADB which sets forth actions to be taken by the Borrower under the Program and which is attached to the Policy Letter;

(q) "Program Executing Agency" means, for the purposes of, and within the meaning of, this Loan Agreement, MOET or any successor thereto acceptable to ADB, which is responsible for the carrying out of the Program;

(r) "SE" means secondary education;

(s) "Second Tranche" means the balance of the proceeds of the Loan remaining in the Loan Account after the utilization of the First Tranche, to be withdrawn pursuant to and subject to the provisions of paragraph 5 of Schedule 3 to this Loan Agreement; and

(t) "SESMP" means the Borrower's Secondary Education Sector Master Plan 2011-2015 to be developed under the Program.

## **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 twelve million five hundred and thirty nine thousand Special Drawing Rights (SDR12,539,000).

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 May and 15 November 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 cause the proceeds of the Loan to be applied to the financing of expenditures on the Program in accordance with the provisions of this Loan Agreement.

Section 3.02. The proceeds of the Loan may be withdrawn from the Loan Account only for the purposes of financing 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 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 June 2013 or such other date as may from time to time be agreed between the Borrower and ADB.

## **ARTICLE IV**

### **Particular Covenants**

Section 4.01. In the carrying out of the Program and operation of the Program facilities, the Borrower shall perform, or cause to be performed, all obligations set forth in Schedule 5 to this Loan Agreement.

Section 4.02. (a) The Borrower shall maintain, or cause to be maintained, records and documents adequate to identify the Eligible Items financed out of the proceeds of the Loan and 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

(a) Section 5.01. The following is specified as an additional condition to the effectiveness of this Loan Agreement for the purposes of Section 9.01(f) of the Loan Regulations: the Borrower, through MOET, shall have fulfilled all policy reform actions for the release of the First Tranche of the Program loan, as set out in the Policy Matrix to the satisfaction of ADB.

Section 5.02. A date ninety (90) 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 Governor of State Bank 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

State Bank of Vietnam  
47-49 Ly Thai To  
Hanoi, Vietnam

Facsimile Numbers:

+844 3825-0612  
+844 3825-8385.

#### For ADB

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

Facsimile Numbers:


+632 636-2444  
+632 636-2331.

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.

SOCIALIST REPUBLIC OF VIETNAM

By   
\_\_\_\_\_  
NGUYEN VAN GIAU  
Authorized Representative

ASIAN DEVELOPMENT BANK

By   
\_\_\_\_\_  
AYUMI KONISHI  
Country Director  
Viet Nam Resident Mission



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

1. The Program aims to support the Borrower's on-going reform agenda for improving quality, access, efficiency and competitiveness in SE. The principal objective of the Program is to improve the average learning outcome of the secondary students by (i) establishing effective and accountable SE management; (ii) improving quality for international competitiveness; and (iii) enhancing access and equity for disadvantaged groups. Policy actions included in the Program address the following three (3) key SE sub-sector constraints: (a) sector management and accountability; (b) quality and relevance; and (c) access and equity. The Program is described in more detail in the Policy Letter. The Program is expected to be completed by 31 December 2012.

2. In support of the Program:

(a) the proceeds of the Loan shall be used to finance the 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 9 of Schedule 5 to this Loan Agreement.

3. The Program proceeds of the Loan are expected to be utilized by 30 June 2013.

**SCHEDULE 2****Amortization Schedule****(Secondary Education Sector Development Program)**

<u>Date Payment Due</u>	<u>Payment of Principal</u> (Expressed in Special Drawing Rights)*
15-May-2018	391,844.00
15-Nov-2018	391,844.00
15-May-2019	391,844.00
15-Nov-2019	391,844.00
15-May-2020	391,844.00
15-Nov-2020	391,844.00
15-May-2021	391,844.00
15-Nov-2021	391,844.00
15-May-2022	391,844.00
15-Nov-2022	391,844.00
15-May-2023	391,844.00
15-Nov-2023	391,844.00
15-May-2024	391,844.00
15-Nov-2024	391,844.00
15-May-2025	391,844.00
15-Nov-2025	391,844.00
15-May-2026	391,844.00
15-Nov-2026	391,844.00
15-May-2027	391,844.00
15-Nov-2027	391,844.00
15-May-2028	391,844.00
15-Nov-2028	391,844.00
15-May-2029	391,844.00
15-Nov-2029	391,844.00
15-May-2030	391,844.00
15-Nov-2030	391,844.00
15-May-2031	391,844.00
15-Nov-2031	391,844.00
15-May-2032	391,844.00
15-Nov-2032	391,844.00
15-May-2033	391,844.00
15-Nov-2033	391,836.00
<b>Total</b>	<b><u>12,539,000.00</u></b>

\* 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****Allocation and 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 or 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 applications shall be accompanied by a certificate of the Borrower confirming that with respect to each year during which the proceeds of the Loan are expected to be disbursed, the value of the Eligible Imports is expected to be equal to or greater than the amount of the Loan expected to be disbursed during such year.

(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 the Attachment 1 to this Schedule; and
- (iii) imports financed from credits from official international or bilateral aid agencies or any other loans or 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 any commercial bank selected by the State Bank of the Borrower and acceptable to ADB 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 withdrawals shall be made from the First or Second Tranche 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 conditions for the release of the respective Tranche specified in Attachments 2 and 3 to this Schedule.

**List of Ineligible Items**

1. No withdrawals shall be made in respect of:
- (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:

<b>Ineligible Items</b>		
<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), non-irradiated 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, non-monetary (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 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
- (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 Attachment 2 to Schedule 3.

**Conditions for Release of the First Tranche****Established Effective and Accountable SE Management**

1. MOET shall have issued a Circular/Decision on development of the SESMP and provided to ADB a copy thereof together with the draft concept paper for the preparation of SESMP.
2. MOET shall have provided to ADB (i) a copy of the Decision 83/2008/QD-BGDDT on procedure and criteria for accreditation of public, semi-public, and private SE schools; and (ii) a copy of the Circular approving the first phase of updates to the Borrower's National Standards for SE together with a copy of the approved standards with the instruction for its implementation.
3. MOET shall have provided to ADB a copy of the Decision 62/2007/QD-BGDDT on the teacher recruitment reform together with a copy of the draft HRM Strategy on teacher recruitment reform.

**Improved Quality for International Competitiveness**

4. MOET shall have issued a Circular on approval of the new secondary teachers' standards with instruction for its implementation and shall have provided to ADB a copy thereof together with a copy of these approved standards.
5. MOET shall have provided to ADB copies of the (i) Decision 51/2008/QD-BGDDT on updating learning assessment system for SE including national achievement monitoring system; and (ii) Decision 286/TB-BGDDT on the participation of the secondary students in the Program for the International Students' Achievement.
6. MOET shall have provided to ADB copies of (i) Decision 7436/QD-BGDDT on development of the new SE curriculum review and upgrading system; and (ii) implementation plan for the new SE curriculum review and upgrading system and shall have provided to ADB copies thereof.
7. MOET shall have provided to ADB a copy of the Directive 55/2008/CT-BGDDT on enhancing the application of ICT for the education sector 2008-2012.

**Enhanced Access and Equity of Disadvantaged Groups.**

8. MOET shall have provided to ADB a copy of the Circular 48/2008/TT-BGDDT on the guidance for quality standards and assessment of CECs.
9. MOET shall have provided to ADB copies of the (i) Decision 23/2006/QD-BGD&DT on promotion of inclusive approach for the physically disabled children; and (ii) action plan to promote the inclusive approach for the physically disabled children in SE.
10. MOET shall have provided to ADB copies of (i) the Prime Minister's Decision 289/QD-TTg/2008 on targeted support for ethnic minorities and poor households; and (ii) Decision 7660/QD-BGDDT on development and implementation of the CCT pilot program in ten selected disadvantaged provinces.

**Conditions for Release of the Second Tranche****Established Effective and Accountable SE Management**

1. MOET shall have issued a Circular/Decision on approval and implementation of SESMP and shall have provided to ADB a copy thereof.
2. MOET shall have issued (i) a Circular approving the second phase of updates to the Borrower's National Standards for SE; (ii) a Decision on the establishment of the Borrower's National Accreditation Board for SE institutions; and (iii) certificates of school accreditation and shall have provided to ADB copies of these Circular, Decision and the certificates.
3. MOET shall have issued a Circular approving the upgraded HRM Strategy on teacher recruitment reform with instruction for its implementation and shall have provided to ADB a copy thereof together with a copy of the approved upgraded HRM Strategy.

**Improved Quality for International Competitiveness**

4. MOET shall have issued a Directive/Decision on the implementation of the nationwide teacher quality assessment using the new secondary teachers' standards and shall have provided to ADB a copy thereof together with the record of quality assurance certificates issued to the SE teachers.
5. MOET shall have issued a Decision approving the National Achievement Monitoring Program with instruction for its implementation and shall have provided to ADB a copy thereof together with a copy of the registration certificate of Program for the International Students' Achievement.
6. MOET shall have issued a Decision/Circular approving the SE periodic curriculum review and upgrading system with instruction for its implementation and shall have provided to ADB a copy thereof together with a copy of the document on SE periodic curriculum review and upgrading system.
7. MOET shall have issued a supplementary Decision on the use of ICT for SE and in teacher training for SE and shall have provided to ADB a copy thereof together with the guidelines on the implementation of ICT for SE.

**Enhanced Access and Equity of Disadvantaged Groups.**

8. MOET shall have (i) issued a Circular approving the new LSE equivalency program and shall have provided to ADB a copy thereof together with a copy of the approved LSE equivalency program; (ii) issued a Circular approving the new standards for CECs and provided to ADB a copy thereof; and (iii) provided to ADB a list of schools where the LSE equivalency program has been piloted.
9. MOET shall have issued a Decision approving the development and implementation of the guidelines for integration of physically disabled children in mainstream SE and shall have provided to ADB a copy thereof together with the approved guidelines.

10. MOET shall have issued (i) a Decision approving the implementation of the CCT pilot program in selected disadvantaged provinces and shall have provided to ADB a copy thereof; and (ii) guidelines on dissemination of nationwide CCT program and shall have provided to ADB a copy thereof.



## **SCHEDULE 4**

### **Provisions on Procurement and Consulting Services**

1. Except as ADB may otherwise agree, the procedures referred to in the following paragraph 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 Management

1. MOET shall be the Program Executing Agency responsible for coordinating all policy, legal and regulatory actions and providing guidance to the CPMU. MOET shall ensure that the policy reforms set out in the Policy Letter are duly carried out in a timely manner in particular that the provisions for reporting, monitoring and auditing and other administrative requirements are complied with
2. MOET shall, within three (3) months of the Effective Date, establish the Program Steering Committee, chaired by the Vice Minister of Education and Training to provide guidance and supervision to the overall Program management. The Program Steering Committee shall comprise representatives from the relevant ministries and agencies including Office of Government, MOET, MOF, the Ministry of Planning and Investment, and the State Bank of Viet Nam.
3. Within MOET the CPMU shall be established to oversee day-to-day implementation of the Program. The CPMU shall comprise a qualified full-time Project manager, a deputy Project manager and other key technical staff including the specialists in the areas of (i) learning assessment; (ii) curriculum and instructional materials; (iii) finance; (iv) procurement; (v) Works; (vi) teacher training and development; (vii) monitoring and evaluation; (viii) social and community development; and (ix) ICT. The CPMU staff shall be appointed by the Borrower and approved by ADB.

#### Implementation of the Policy Letter and Policy Matrix

4. The Borrower shall: (i) ensure that the objectives achieved, policies adopted, and actions taken prior to the date of this Loan Agreement, as set forth in the Policy Letter, shall continue to be in full force and effect for the duration of the Program period and subsequently, as appropriate; (ii) carry out the policies and actions in accordance with the schedule of policy reforms contained in the Policy Matrix and ensure sustainability of the reforms beyond the Program period; and (iii) carry out all of its obligations as stipulated under this Schedule and the Loan Agreement, in a timely manner.
5. The Borrower shall ensure that all action plans developed as a result of the Policy Matrix shall be fully implemented by the end of the Program period.

#### Policy Dialogue

6. The Borrower shall keep ADB informed of, and the Borrower and ADB shall from time to time exchange views on, sector issues, policy reforms and additional reforms during the Program period that may be considered necessary or desirable, including the progress made in carrying out the Program.
7. The Borrower shall engage in policy dialogue with ADB, in a timely manner, on problems and constraints encountered during Program implementation and on desirable changes to overcome or mitigate such problems and constraints.

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

#### Counterpart Funds

9. Throughout the implementation of the Program, the Borrower shall ensure that adequate allocations of the required counterpart funds are made, approved and released in a timely manner in order to ensure proper implementation of the Program.

#### Program Review and Performance Monitoring System

10. The Program reviews shall be carried out and performance shall be monitored in conjunction with the Project reviews and monitoring, as detailed in the Project Loan Agreement.