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LOAN NUMBER 3705-BAN(COL)  
[Additional Financing to Loan 2878-BAN(COL) and Grant 0298-BAN(EF)]

LOAN AGREEMENT  
(Ordinary Operations [Concessional])  
(Urban Primary Health Care Services Delivery Project – Additional Financing)

between

PEOPLE'S REPUBLIC OF BANGLADESH

and

ASIAN DEVELOPMENT BANK

DATED 25 October 2018

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BAN 42177

**LOAN AGREEMENT**  
**(Ordinary Operations [Concessional])**

LOAN AGREEMENT dated 25 October 2018 between People's Republic of Bangladesh ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) by a loan agreement (Loan 2878-BAN[COL]) dated 26 September 2012 between the Borrower and ADB ("Initial Loan Agreement"), ADB provided a concessional loan to the Borrower from ADB's ordinary capital resources in an amount equivalent to thirty-two million seven hundred ninety-eight thousand Special Drawing Rights (SDR32,798,000) ("Initial ADB Loan") for the purposes of the Project described in Schedule 1 to the Initial Loan Agreement ("Initial Project");

(B) by a grant agreement (Grant 0298-BAN[EF]) dated 26 September 2012 between the Borrower and ADB ("Initial SIDA Grant Agreement"), ADB made available to the Borrower a grant from the Swedish International Development Cooperation Agency ("SIDA") in the amount not exceeding the equivalent of twenty million Dollars (\$20,000,000) ("Initial SIDA Grant"), to be administered by ADB pursuant to its cofinancing arrangements with SIDA for the purposes of co-financing various activities under the Initial Project;

(C) the Borrower has applied to ADB for a concessional loan for the purposes of the scaling up of the Initial Project, as described in Schedule 1 to this Loan Agreement ("Project");

(D) the Borrower has also applied to Urban Climate Change Resilience Trust Fund (UCCRTF) under the Urban Financing Partnership Facility, for an additional grant in the amount of two million Dollars (\$2,000,000) for the purposes of cofinancing various activities under the Project, to be administered by ADB and subject to the terms and conditions of an externally financed grant agreement of even date herewith between the Borrower and ADB ("UCCRTF Grant Agreement");

(E) the Project will be carried out by LGD as the Project Executing Agency, and jointly by the City Corporations and the Municipalities as Implementing Agencies (each as defined in Section 1.02 below), and for this purpose the Borrower will make available to LGD, the City Corporations and the Municipalities the proceeds of the loan provided for herein upon terms and conditions satisfactory to ADB; and

(F) ADB has agreed to make a concessional loan to the Borrower from ADB's ordinary capital resources upon the terms and conditions set forth herein and in the Project Agreement of even date herewith between ADB, the City Corporations and the Municipalities;

NOW THEREFORE the parties agree as follows:

**ARTICLE I****Loan Regulations; Definitions**

Section 1.01. All the provisions of ADB's Ordinary Operations (Concessional) Loan Regulations, dated 1 January 2017 ("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(w) is deleted and the following is substituted therefor:

"Project Agreement" means the project agreement between ADB and the Implementing Agencies, as such agreement may be amended from time to time; and such project agreement includes all schedules to the project agreement;

- (b) The term "Project Executing Agency" appearing in Sections 6.01(a), 8.01(d), 8.01(f), 8.01(k), 9.01(c) and 9.02(c) of the Loan Regulations shall be substituted by the term "Implementing Agency".

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

- (a) "City Corporation" means each of the city corporations of Barishal, Chattogram, Cumilla, Dhaka North, Dhaka South, Gazipur, Khulna, Mymensingh, Narayanganj, Rajshahi, Rangpur, and Sylhet, established and operating pursuant to the Local Government (City Corporation) Act, 2009, of the Borrower (collectively, the "City Corporations");
- (b) "Consulting Guidelines" means the Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers (2013, as amended from time to time);
- (c) "Consulting Services" means the services to be financed out of the proceeds of the Loan and the UCCRTF Grant, respectively, as described in paragraph 3 of Schedule 1 to this Loan Agreement;
- (d) "CRHC" means comprehensive reproductive health care;
- (e) "EARF" means the environmental assessment and review framework for the Project, including any update thereto, prepared and submitted by the Borrower and cleared by ADB;
- (f) "EMP" means an environmental management plan for the Project, including any update thereto, to be prepared and submitted by the Borrower pursuant to the requirements set forth in the EARF and cleared by ADB;

- (g) "Environmental Safeguards" means the principals and requirements set forth in Chapter V, Appendix 1, and Appendix 4 (as applicable) of the SPS;
- (h) "GAP" means the gender action plan prepared for the Project;
- (i) "Goods" means equipment and materials to be financed out of the proceeds of the Loan or the UCCRTF Grant, including related services such as transportation, insurance, installation, commissioning, training, and initial maintenance, but excluding Consulting Services;
- (j) "IEE" means the initial environmental examination for the Project, including any update thereto, to be prepared and submitted by the Borrower pursuant to the requirements set forth in the EARF and to be cleared by ADB;
- (k) "Implementing Agency" means each of the City Corporations and the Municipalities (collectively, the "Implementing Agencies");
- (l) "LGD" means the Local Government Division of MOLGRDC;
- (m) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2017, as amended from time to time);
- (n) "MOHFW" means the Ministry of Health and Family Welfare of the Borrower or any successor thereto;
- (o) "MOLGRDC" means the Ministry of Local Government, Rural Development and Cooperatives of the Borrower or any successor thereto;
- (p) "Municipality" means each of the municipalities of Benapole, Deral, Faridpur, Galbandha, Gopalganj, Jagannathpur, Kishoreganj, Kurigram, Kushtia, Netrokona, Shariatpur, Sirajganj, and Tarabo, established and operating pursuant to the Municipality Act, 2009, of the Borrower and meeting the eligibility criteria agreed upon between the Borrower and ADB as set forth in the PAM (collectively, the "Municipalities");
- (q) "National Urban Health Strategy" or "NUHS" means the National Urban Health Strategy dated November 2014 and issued by LGD;
- (r) "NGO" means a non-governmental organization involved in primary health care;
- (s) "NUHS Action Plan" means the action plan to be endorsed by LGD for purposes of implementing the NUHS;
- (t) "PAM" means the project administration manual for the Project dated 11 July 2018 and agreed between the Borrower and ADB, as updated from time to time in accordance with the respective administrative procedures of the Borrower and ADB;

- (u) "Partnership Agreement" means each of the agreements executed or to be executed between the Implementing Agency and a private sector party, which may include NGOs, whereby such private sector party agrees to provide the urban primary health care required;
- (v) "Partnership Area" means a geographic urban area, within the administrative boundaries of either a City Corporation or Municipality, for which a Partnership Agreement will be executed, as set out in Annex 4 of PAM;
- (w) "PIU" means a project implementation unit established in each Implementing Agency;
- (x) "PMU" means a project management unit established in LGD;
- (y) "PPP" means public private partnership;
- (z) "Procurement Guidelines" means ADB's Procurement Guidelines (2015, as amended from time to time);
- (aa) "Procurement Plan" means the procurement plan for the Project dated 11 July 2018 and agreed between the Borrower and ADB, as updated from time to time in accordance with the Procurement Guidelines, the Consulting Guidelines, and other arrangements agreed with ADB;
- (bb) "Project Executing Agency" for the purposes of, and within the meaning of, the Loan Regulations, means MOLGRDC acting through LGD, or any successor thereto acceptable to ADB, which is responsible for the carrying out of the Project;
- (cc) "Resettlement, Tribes, Minor Races, Ethnic Sects and Community Peoples Framework" means the planning framework for resettlement and the tribes, minor races, ethnic sects and community peoples for the Project, including any update thereto, prepared and submitted by the Borrower and cleared by ADB;
- (dd) "Safeguards Monitoring Report" means each report prepared and submitted by the Borrower to ADB that describes progress with implementation of, and compliance with, the EMP and the Resettlement, Tribes, Minor Races, Ethnic Sects and Community Peoples Framework (as applicable), including any corrective and preventive actions;
- (ee) "SPS" means ADB's Safeguard Policy Statement (2009);
- (ff) "UDW" means Urban Development Wing of LGD which is responsible for coordinating urban health;
- (gg) "Urban Health Sustainability Fund" means the fund established on 22 September 2008 pursuant to Memorandum No. EU/AB/BA-12/Pouro-5/04/1492 of the Ministry of Finance of the Borrower; and

- (hh) "Works" means construction or civil works to be financed out of the proceeds of the Loan or the UCCRTF Grant, including services such as drilling or mapping, and project related services that are provided as part of a single responsibility or turnkey contract, but excluding Consulting Services.

## ARTICLE II

### The Loan

Section 2.01. (a) ADB agrees to lend to the Borrower from ADB's ordinary capital resources an amount of one hundred and ten million Dollars (\$110,000,000).

(b) The Loan has a principal repayment period of 20 years, and a grace period as defined in subsection (c) hereinafter.

(c) The term "grace period" as used in subsection (a) hereinabove means the period prior to the first Principal Payment Date in accordance with the amortization schedule set forth in Schedule 2 to this Loan Agreement.

Section 2.02. The Borrower shall pay to ADB an interest charge at the rate of 2% per annum during the grace period and thereafter, on the amount of the Loan withdrawn from the Loan Account and outstanding from time to time.

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 amount 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 proceeds of the Loan available through timely budget allocations, to:

- (a) each of the Implementing Agencies for the purpose of carrying out their respective parts of the Project, and shall cause each of the Implementing Agencies to apply such proceeds to the financing of

expenditures on the Project in accordance with the provisions of this Loan Agreement and the Project Agreement; and

- (b) the Project Executing Agency for the purpose of carrying out its parts of the Project, and shall cause the Project Executing Agency to apply such proceeds to the financing of expenditures on the Project in accordance with the provisions of this Loan Agreement.

Section 3.02. The proceeds of the Loan shall be allocated and withdrawn 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, the Borrower shall procure, or cause to be procured, the items of expenditure to be financed out of the proceeds of the Loan in accordance with the provisions of Schedule 4 to this Loan Agreement.

Section 3.04. The Loan Closing Date for the purposes of Section 8.02 of the Loan Regulations shall be 30 September 2023 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 the Project and operation of the Project facilities, the Borrower shall perform, or cause to be performed, all obligations set forth in Schedule 5 to this Loan Agreement and the Project Agreement.

Section 4.02. The Borrower shall enable ADB's representatives to inspect the Project, the Goods and Works, and any relevant records and documents.

Section 4.03. (a) The Borrower through the Project Executing Agency shall, (i) maintain, or cause each Implementing Agency to maintain, separate accounts and records for the Project; (ii) prepare annual consolidated financial statements for the Project in accordance with financial reporting standards acceptable to ADB; (iii) have such financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with auditing standards acceptable to ADB; (iv) as part of each such audit, have the auditors prepare a report, which includes the auditors' opinion(s) on the financial statements and the use of the Loan proceeds, and a management letter (which sets out the deficiencies in the internal control of the Project that were identified in the course of the audit, if any); and (v) furnish to ADB, no later than 6 months after the end of each related fiscal year, copies of such audited financial statements, audit report and management letter, all in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.

(b) ADB shall disclose the annual audited financial statements for the Project and the opinion of the auditors on the financial statements within 14 days of the date of ADB's confirmation of their acceptability by posting them on ADB's website.

(c) The Borrower shall enable ADB, upon ADB's request, to discuss the financial statements for the Project, the financial affairs of the Borrower and each Implementing Agency where they relate to the Project with the auditors appointed pursuant to subsection (a)(iii) hereinabove, and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB. This is provided that such discussions shall be conducted only in the presence of an authorized officer of the Borrower or the relevant Implementing Agency, as applicable, unless the Borrower or the relevant Implementing Agency shall otherwise agree.

Section 4.04. The Borrower shall take all actions which shall be necessary on its part to enable the Project Executing Agency to perform its obligations under the Project Agreement, and shall not take or permit any action which would interfere with the performance of such obligations.

Section 4.05. (a) The Borrower shall exercise its rights under the financing arrangements with the Implementing Agencies in such a manner as to protect the interests of the Borrower and ADB and to accomplish the purposes of the Loan.

(b) No rights or obligations under the financing arrangements shall be assigned, amended or waived without the prior concurrence of ADB.

## ARTICLE V

### Suspension; Acceleration of Maturity

Section 5.01. The following is specified as additional event for suspension of the right of the Borrower to make withdrawals from the Loan Account for the purposes of Section 8.01(m) of the Loan Regulations: any of the Initial ADB Loan, the Initial SIDA Grant, and the UCCRTF Grant shall have become liable for suspension/cancellation in accordance with the terms of the Initial ADB Loan Agreement, the Initial SIDA Grant Agreement, and the UCCRTF Grant Agreement, respectively.

Section 5.02. The following is specified as additional event for suspension of the right of the Borrower to make withdrawals from the Loan Account for the purposes of Section 8.01(m) of the Loan Regulations: the event specified in Section 5.01 of this Loan Agreement shall have occurred.

## ARTICLE VI

### Effectiveness

Section 6.01. 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 UCCRTF Grant Agreement has been duly authorized by, executed and



delivered on behalf of, the Borrower, and is legally binding upon the Borrower in accordance with its terms, and all conditions precedent to its effectiveness other than the condition requiring the effectiveness of this Loan Agreement shall have been fulfilled.

Section 6.02. A date 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 VII

### Miscellaneous

Section 7.01. The Senior Secretary, Secretary, any Additional Secretary, Chief, Joint Secretary, Joint Chief, Deputy Secretary, Deputy Chief, Senior Assistant Secretary, Senior Assistant Chief, Assistant Secretary or Assistant Chief of Economic Relations Division of the Ministry of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.02 of the Loan Regulations.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the Loan Regulations:

#### For the Borrower

Economic Relations Division  
Ministry of Finance  
Government of the People's Republic of Bangladesh  
Sher-e-Bangla Nagar  
Dhaka 1207  
Bangladesh

Facsimile Number:

(880) 2 811 3088

#### For ADB

Asian Development Bank  
6 ADB Avenue  
Mandaluyong City  
1550 Metro Manila  
Philippines

Facsimile Numbers:

(63-2) 636-2444  
(63-2) 636-2293.

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 as of the day and year first above written and to be delivered at the principal office of ADB.

PEOPLE'S REPUBLIC OF  
BANGLADESH

By

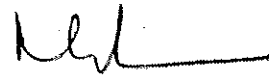


KAZI SHOFIQL AZAM

Senior Secretary  
Economic Relations Division  
Ministry of Finance

ASIAN DEVELOPMENT BANK

By



MANMOHAN PARKASH

Country Director  
Bangladesh Resident Mission

**SCHEDULE 1****Description of the Project**

1. The objective of the Project is to establish sustainable good quality urban primary health care services delivery in the Partnership Areas, targeting the poor and needs of women and children.

2. The Project will further augment the Initial Project and shall comprise:

**Part A: Strengthening Institutional Governance and Capacity of Local Governments**

- (a) provide support to LGD and the Urban Health Unit in UDW for reviewing and updating oversight policies and guidelines, developing guidelines on PPP contract management and implementing selected aspects of the National Urban Health Strategy and the NUHS Action Plan;
- (b) provide support to local governments for strengthening capacity in planning and budgeting for basic social services including primary health care services, and contracting and managing PPP projects, including support to the urban local bodies for the development of organograms and reorganization plans;
- (c) provide information technology support and services for (a) an automated health management information system to link urban health service data of LGD and MOHFW, (b) a web-based geographic information system for mapping of existing health facilities in the Partnership Areas, and (c) incorporating e-learning and assessment in training programs; and
- (d) support an operations research program on urban health.

**Part B: Improving Urban Primary Health Care Service Delivery System through PPP**

- (a) provide targeted primary health care services through Partnership Agreements in approximately 45 Partnership Areas, training of health workers and supply of drugs and medical equipment; and introduce a performance-based incentive scheme in contract management on a pilot basis; and
- (b) improve urban primary health care infrastructure network by upgrading and constructing CRHC centers and primary health care centers, with improved design, introducing solar energy efficiency.

**Part C: Project Management Support**

- (a) provide implementation support to the PMU and the PIUs, covering management, budgeting, monitoring, supervision of urban primary

health care systems, human resources development, quality assurance, procurement, and financial management;

- (b) provide policy support to JDW including research, knowledge management and policy dialogue through undertaking various surveys;
- (c) establish a web-based computerized financial management information system to streamline project accounting processes; and
- (d) provide capacity development to the Project Executing Agency, the Implementing Agencies, NGOs and private providers, including establishing a training coordination cell in the PMU with responsibilities for detailed review and planning of project capacity development requirements, strategic collaborations with other agencies and training institutes, developing guidelines, and implementing the training program under the Project.

3. The Project involves the provision of Consulting Services for implementing Parts A and C above.

4. The Project is expected to be completed by 31 March 2023.

**SCHEDULE 2****Amortization Schedule**

<u>Date Payment Due</u>	<u>Payment of Principal</u> (Expressed in Dollars)*
15 January 2024	2,750,000
15 July 2024	2,750,000
15 January 2025	2,750,000
15 July 2025	2,750,000
15 January 2026	2,750,000
15 July 2026	2,750,000
15 January 2027	2,750,000
15 July 2027	2,750,000
15 January 2028	2,750,000
15 July 2028	2,750,000
15 January 2029	2,750,000
15 July 2029	2,750,000
15 January 2030	2,750,000
15 July 2030	2,750,000
15 January 2031	2,750,000
15 July 2031	2,750,000
15 January 2032	2,750,000
15 July 2032	2,750,000
15 January 2033	2,750,000
15 July 2033	2,750,000
15 January 2034	2,750,000
15 July 2034	2,750,000
15 January 2035	2,750,000
15 July 2035	2,750,000
15 January 2036	2,750,000
15 July 2036	2,750,000
15 January 2037	2,750,000
15 July 2037	2,750,000
15 January 2038	2,750,000
15 July 2038	2,750,000
15 January 2039	2,750,000
15 July 2039	2,750,000
15 January 2040	2,750,000
15 July 2040	2,750,000
15 January 2041	2,750,000
15 July 2041	2,750,000
15 January 2042	2,750,000
15 July 2042	2,750,000
15 January 2043	2,750,000
15 July 2043	2,750,000

Date Payment DuePayment of Principal  
(Expressed in Dollars)\***Total****110,000,000**

\*The arrangements for payment are subject to the provisions of Sections 3.04 and 4.03 of the Loan Regulations.

**SCHEDULE 3****Allocation and Withdrawal of Loan Proceeds**General

1. The table attached to this Schedule sets forth the Categories of items of expenditure to be financed out of the proceeds of the Loan and the allocation of the Loan proceeds to each such Category ("Table"). (Reference to "Category" in this Schedule is to a Category or Subcategory of the Table.)

Basis for Withdrawal from the Loan Account

2. Except as ADB may otherwise agree, the proceeds of the Loan shall be allocated to items of expenditure, and disbursed on the basis of the withdrawal percentage for each item of expenditure set forth in the Table.

Reallocation

3. Notwithstanding the allocation of Loan proceeds and the withdrawal percentages set forth in the Table,

- (a) if the amount of the Loan allocated to any Category appears to be insufficient to finance all agreed expenditures in that Category, ADB may, in consultation with the Borrower, (i) reallocate to such Category, to the extent required to meet the estimated shortfall, amounts of the Loan which have been allocated to another Category but, in the opinion of ADB, are not needed to meet other expenditures; and (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the withdrawal percentage applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made; and
- (b) if the amount of the Loan allocated to any Category appears to exceed all agreed expenditures in that Category, ADB may, in consultation with the Borrower, reallocate such excess amount to any other Category.

Disbursement Procedures

4. Except as ADB may otherwise agree, the Loan proceeds shall be disbursed in accordance with the Loan Disbursement Handbook.

Retroactive Financing

5. Withdrawals from the Loan Account may be made to finance eligible expenditures incurred under the Project before the Effective Date, but not earlier than 12 months before the date of this Loan Agreement in connection with eligible expenditures under the Partnership Agreements under Part B of the Project, subject to a maximum amount equivalent to 20% of the Loan amount.

Condition for Withdrawals from Loan Account

6. Notwithstanding any other provision of this Loan Agreement, no withdrawals shall be made from the Loan Account for Works:

- (a) under the Category "Works – 1A" unless LGD's Budget Committee has submitted a proposal to the Finance Division of the Ministry of Finance of the Borrower to establish LGD non-development budget line for urban primary health care by 1 July 2019 or such later date as ADB may otherwise agree;
- (b) under the Category "Works – 1B" unless a budget line for urban primary health care has been established in LGD's non-development revenue budget and financing provided for urban primary health care through such revenue budget for Fiscal Year 2020 or such later Fiscal Year as ADB may otherwise agree;
- (c) under the Category "Works – 1C" unless all support staff positions at UDW (as approved by the Ministry of Public Administration of the Borrower) have been filled with qualified personnel and all such staff are on active duty at UDW, by 1 April 2020 or such later date as ADB may otherwise agree;
- (d) under the Category "Works – 1D" unless all official positions of UDW (as approved by the Ministry of Public Administration of the Borrower), being the Joint Secretary, 2 Deputy Secretaries, and 4 Senior Assistant Secretaries, have been filled with qualified personnel and all such officials are on active duty on a full-time basis at UDW, by 1 April 2020 or such later date as ADB may otherwise agree;
- (e) under the Category "Works – 1E" unless by 1 December 2019 (or such later date as ADB may otherwise agree), UDW has instructed all project urban local bodies of the Implementing Agencies to prepare reorganization plans and proposed post-reorganization organograms to improve organizational capacity of their respective health departments; and
- (f) under the Category "Works – 1F" unless by 1 December 2020 (or such later date as ADB may otherwise agree), at least 20 urban local bodies of the Implementing Agencies have submitted a reorganization plan and proposed post-reorganization organograms, to UDW for approval.

7. In support of claims under the Category "Works" as described in paragraph 7 above, the Borrower shall cause the Project Executing Agency to submit to ADB:

- (a) the relevant substantiation documents in accordance with the verification protocol set out in the PAM for verifying satisfaction of the relevant disbursement conditions; and



- (b) the relevant statement of expenditures showing that the eligible expenditures incurred for Works has exceeded the cumulative disbursement under the Category "Works" and the Subcategories thereunder.

TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS				
No.	Item	Total Amount Allocated for ADB Financing (\$)		Basis for Withdrawal from the Loan Account
		Category	Subcategory	
1	Works	20,610,000		
1A	Works – 1A <sup>a</sup>		3,000,000	100% of total expenditure claimed*
1B	Works – 1B <sup>b</sup>		7,000,000	100% of total expenditure claimed*
1C	Works – 1C <sup>c</sup>		2,000,000	100% of total expenditure claimed*
1D	Works – 1D <sup>d</sup>		3,000,000	100% of total expenditure claimed*
1E	Works – 1E <sup>e</sup>		2,000,000	100% of total expenditure claimed*
1F	Works – 1F <sup>f</sup>		3,000,000	100% of total expenditure claimed*
1G	Works		610,000	100% of total expenditure claimed*
2	Equipment & Furniture	3,070,000		100% of total expenditure claimed*
3	Vehicles	450,000		100% of total expenditure claimed*
4	Training	2,900,000		
4A	Local training, seminar and workshop		1,900,000	100% of total expenditure claimed*
4B	Overseas training		1,000,000	100% of total expenditure claimed*
5	Consultancy	6,710,000		
5A	International consultants		5,690,000	100% of total expenditure claimed*
5B	National consultants		1,020,000	100% of total expenditure claimed*
6	Partnership Agreements	64,350,000		91% of total expenditure claimed*
7	Unallocated	11,910,000		
	<b>TOTAL</b>	<b>110,000,000</b>		

\* Exclusive of taxes and duties imposed within the territory of the Borrower.

<sup>a</sup> Subject to the condition for withdrawal described in paragraph 6(a) of Schedule 3.

<sup>b</sup> Subject to the condition for withdrawal described in paragraph 6(b) of Schedule 3.

<sup>c</sup> Subject to the condition for withdrawal described in paragraph 6(c) of Schedule 3.

<sup>d</sup> Subject to the condition for withdrawal described in paragraph 6(d) of Schedule 3.

<sup>e</sup> Subject to the condition for withdrawal described in paragraph 6(e) of Schedule 3.

<sup>f</sup> Subject to the condition for withdrawal described in paragraph 6(f) of Schedule 3.

**SCHEDULE 4****Procurement of Goods, Works and Consulting Services**General

1. The procurement of Goods, Works and Consulting Services shall be subject to and governed by the Procurement Guidelines, and the Consulting Guidelines, respectively.
2. Except as ADB may otherwise agree, Goods and Works shall be procured and Consulting Services shall be selected and engaged only on the basis of the procurement methods and the selection methods set forth below. These methods are subject to, among other things, the detailed arrangements and threshold values set forth in the Procurement Plan. The Borrower may only modify the procurement methods and the selection methods or threshold values with the prior agreement of ADB, and modifications must be set out in updates to the Procurement Plan.
3. All terms used in this Schedule and not otherwise defined in this Loan Agreement have the meanings provided in the Procurement Guidelines and/or the Consulting Guidelines, as applicable.

Eligible Source of Procurement of Goods, Works and Consulting Services

4. Goods, Works and Consulting Services may also be procured under the Project from non-member countries of ADB.

Goods and Works

5. Goods and Works shall be procured on the basis of the procurement methods set forth below:
  - (a) International Competitive Bidding; and
  - (b) National Competitive Bidding.

National Competitive Bidding

6. The Borrower and ADB shall ensure that, prior to the commencement of any procurement activity under national competitive bidding, the Borrower's national competitive bidding procedures are consistent with the Procurement Guidelines. Any modifications or clarifications to such procedures agreed between the Borrower and ADB shall be set out in the Procurement Plan. Any subsequent change to the agreed modifications and clarifications shall become effective only after approval of such change by the Borrower and ADB.

Conditions for Award of Contract

7. The Borrower shall not award:
  - (a) any Works contracts which involves environmental impacts until all government clearances have been obtained for the IEE and the IEE has been cleared by ADB; and the relevant provisions from the EMP have been incorporated into the respective Works contract; and

- (b) any Works contract which involves involuntary resettlement impacts until (i) a resettlement plan has been prepared pursuant to the Resettlement, Tribes, Minor Races, Ethnic Sects and Community Peoples Framework; (ii) the resettlement plan has been cleared by ADB; and (iii) all affected peoples under such Works Contract have been compensated in accordance with the terms of the resettlement plan.

#### Consulting Services

8. Except as set forth in the paragraph below, the Borrower shall apply Quality- and Cost-Based Selection for Consulting Services.
9. The Borrower shall apply the following selection methods for the specified Consulting Services, in accordance with, among other things, the procedures set forth in the Procurement Plan: Consultants' Qualifications Selection for (i) support on midterm review and completion review; and (ii) operations research.
10. The Borrower shall recruit the individual consultants for providing project management support in relation to procurement, quality assurance, financial management, and support on subject expertise including urban primary health care, climate change, medical waste management, engineering, in accordance with procedures acceptable to ADB for recruiting individual consultants.

#### Industrial or Intellectual Property Rights

11. (a) The Borrower shall ensure that all Goods and Works procured (including without limitation all computer hardware, software and systems, whether separately procured or incorporated within other goods and services procured) do not violate or infringe any industrial property or intellectual property right or claim of any third party.
- (b) The Borrower shall ensure that all contracts for the procurement of Goods and Works contain appropriate representations, warranties and, if appropriate, indemnities from the contractor or supplier with respect to the matters referred to in subparagraph (a) of this paragraph.
12. The Borrower shall ensure that all ADB-financed contracts with consultants contain appropriate representations, warranties and, if appropriate, indemnities from the consultants to ensure that the Consulting Services provided do not violate or infringe any industrial property or intellectual property right or claim of any third party.

#### ADB's Review of Procurement Decisions

13. Contracts procured under international competitive bidding procedures and contracts for Consulting Services shall be subject to prior review by ADB, unless otherwise agreed between the Borrower and ADB and set forth in the Procurement Plan.

**SCHEDULE 5****Execution of Project; Financial Matters**Implementation Arrangements

1. The Borrower through the Project Executing Agency shall ensure that the Project is implemented in accordance with the detailed arrangements set forth in the PAM. Any subsequent change to the PAM shall become effective only after approval of such change by the Borrower and ADB. In the event of any discrepancy between the PAM and this Loan Agreement, the provisions of this Loan Agreement shall prevail.
2. The Borrower shall ensure that the PMU will be provided with adequate staff, resources, and facilities to implement the Project.
3. The Borrower shall ensure that:
  - (a) within 6 months of the Effective Date, the Project Executing Agency and each Implementation Agency sign a memorandum of understanding detailing their roles and responsibilities during Project implementation in form and substance satisfactory to ADB; and
  - (b) the proceeds of the Loan and the UCCRTF Grant will only be made available by the Project Executing Agency to the relevant Implementing Agency upon signing of the memorandum of understanding as set out in subparagraph (a) above.
4. The Borrower shall, by 1 July 2021, (i) assign the overall responsibility of the provision of urban primary health care to local governments and clarifies the supporting roles of LGD and MOHFW in this regard; and (ii) address the issue of increased revenue budget allocation for provision of urban health services, as well as more balanced allocation of resources between LGD and MOHFW, in the next five year plan (2021–2026).
5. The Borrower through the Project Executing Agency shall ensure that, by 1 December 2020, each Implementing Agency has a reorganization plan to improve organizational capacity of its health department. The reorganization plan will address staffing levels, job descriptions, career progression of medical officers, and organizational structure of the health department concerned.
6. The Borrower shall (a) provide financing to urban primary health care through the Project Executing Agency's revenue budget for Fiscal Year 2020–21 and each subsequent Fiscal Year; (b) cause each Implementing Agency to (i) develop and adopt, by 1 December 2020, a fiscal plan for sustaining recurrent costs for the provision of urban health services after Project completion; and (ii) contribute at least 1% of its local revenue to the Urban Health Sustainability Fund.
7. The Borrower through the Project Executing Agency shall take, and will cause each Implementing Agency to take, all measures stipulated in the implementation plan, as set forth in Annex 5 to the PAM, to effect and permit full and effective implementation of the Partnership Agreements.

8. The Borrower through the Project Executing Agency shall ensure that selection of participants for all training including study tours under the Project (a) conforms to the transparent, objective, and verifiable selection criteria acceptable to ADB; and (b) is distributed equitably across gender and geographic areas.

9. The Borrower through the Project Executing Agency shall ensure, and cause each Implementing Agency to ensure, that site selection for all CRHC and primary health care centers to be constructed under the Project is based upon (a) safety and privacy concerns of patients particularly women and children; and (b) convenience for slum dwellers to maximize access for the poor populations.

#### Environment

10. The Borrower shall ensure, and shall cause each Implementing Agency to ensure, that the preparation, design, construction, implementation, and operation of the Project and all Project facilities comply with (a) all applicable laws and regulations of the Borrower relating to environment, health and safety; (b) the Environmental Safeguards as set out in the SPS; (c) the EARF; and (d) all measures and requirements set forth in the environment impact assessment, the environmental management plan, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

#### Land Acquisition and Involuntary Resettlement; Tribes, Minor Races, Ethnic Sects and Community Peoples

11. The Borrower shall ensure, and shall cause each Implementing Agency to ensure, that all land and all rights-of-way required for the Project are made available to the Works contractor in accordance with the schedule agreed under the related Works contract. The Borrower shall ensure, and shall cause each Implementing Agency to ensure, that the Project does not have any impacts with regards to involuntary resettlement, Tribes, Minor Races, Ethnic Sects and Community Peoples within the meaning of SPS. In the event that the Project does have any such impact, the Borrower shall, and shall cause each Implementing Agency to, take all steps required to ensure that the Project complies with the applicable laws and regulations of the Borrower, the Resettlement, Tribes, Minor Races, Ethnic Sects and Community Peoples Framework, and the SPS.

#### Human and Financial Resources to Implement Safeguards Requirements

12. The Borrower through the Project Executing Agency shall, and shall cause each Implementing Agency to, make available necessary budgetary and human resources to fully implement the EMP and the Resettlement, Tribes, Minor Races, Ethnic Sects and Community Peoples Framework, as required.

#### Safeguards – Related Provisions in Bidding Documents and Works Contracts

13. The Borrower through the Project Executing Agency shall, and shall cause each Implementing Agency to, ensure that all bidding documents and contracts for Works contain provisions that require contractors to:

- (a) comply with the measures relevant to the contractor set forth in the IEE, the EMP and the Resettlement and IP Framework (to the extent they

concern impacts on affected people during construction), and any corrective or preventative actions set forth in a Safeguards Monitoring Report;

- (b) make available a budget for all such environmental and social measures; and
- (c) provide the Borrower with a written notice of any unanticipated environmental or resettlement risks or impacts, or risks or impacts on tribes, minor races, ethnic sects and community peoples that arise during construction, implementation or operation of the Project that were not considered in the IEE, the EMP and the Resettlement and IP Framework.

#### Safeguards Monitoring and Reporting

14. The Borrower shall, and shall cause each Implementing Agency to, do the following:

- (a) submit semi-annual Safeguards Monitoring Reports to ADB and disclose relevant information from such reports to affected persons promptly upon submission;
- (b) if any unanticipated environmental and/or social risks and impacts arise during construction, implementation or operation of the Project that were not considered in the IEE, the EMP, and the RP; promptly inform ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan; and
- (c) report any actual or potential breach of compliance with the measures and requirements set forth in the EMP or the RP promptly after becoming aware of the breach.

#### Prohibited List of Investments

15. The Borrower through the Project Executing Agency shall ensure that no proceeds of the Loan or the UCCRTF Grant are used to finance any activity included in the list of prohibited investment activities provided in Appendix 5 of the SPS.

#### Labor Standards, Health and Safety

16. The Borrower through the Project Executing Agency shall ensure, and shall cause each Implementing Agency to ensure, that the core labor standards and the Borrower's applicable laws and regulations are complied with during Project implementation. The Borrower shall include specific provisions in the bidding documents and contracts financed by ADB under the Project requiring that the contractors, among other things: (a) provide for equal pay to men and women for equal work and make prompt payment of wages; (b) provide safe working conditions and water and sanitation facilities for male and female workers; (c) do not violate any prohibitions against child labor under the Borrower's laws and international treaty obligations; and (d) require the contractor to include information on the risk of transmission of

sexually-transmitted diseases, including HIV/AIDS, in health and safety programs for all construction workers employed under the Project.

17. The Borrower through the Project Executing Agency shall strictly monitor compliance with the requirements set forth in paragraph 16 above and provide ADB with regular reports.

#### Gender and Development

18. The Borrower shall ensure that (a) the GAP is implemented in accordance with its terms; (b) the bidding documents and contracts include relevant provisions for contractors to comply with the measures set forth in the GAP; (c) adequate resources are allocated for implementation of the GAP; (d) progress on implementation of the GAP, including progress toward achieving key gender outcome and output targets, are regularly monitored and reported to ADB; and (e) key gender outcome and output targets include:

- (i) gender responsive computerized Health Management Information System (HMIS) data management system will be in place in all Partnership Areas by 31 December 2021;
- (ii) 20% of PMU and PIU staff are female and such staff will be trained on gender and program management for administering and coordinating urban health and nutrition; and
- (iii) 30% of laborers engaged in construction and upgrading work of health centers under the Project are female.

#### Counterpart Support

19. The Borrower shall ensure timely provision of counterpart funds for project by making timely submission of annual budgetary appropriation requests and ensuring prompt disbursement of appropriated funds during each year of the Project implementation. In addition to the foregoing, the Borrower shall ensure that the Project Executing Agency and each Implementing Agency has sufficient funds to satisfy its liabilities arising from any Works, Goods and/or Consulting Services contract.

#### Governance and Corruption

20. The Borrower through the Project Executing Agency shall, and shall cause each Implementing Agency to, (a) comply with ADB's Anticorruption Policy (1998, as amended to date) and acknowledge that ADB reserves the right to investigate directly, or through its agents, any alleged corrupt, fraudulent, collusive or coercive practice relating to the Project; and (b) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation.

21. The Borrower through the Project Executing Agency shall, and shall cause each Implementing Agency to, ensure that the anticorruption provisions acceptable to ADB are included in all bidding documents and contracts, including provisions specifying the right of ADB to audit and examine the records and accounts of the executing and implementing



agencies and all contractors, suppliers, consultants, and other service providers as they relate to the Project.

22. Within 1 month after the Effective Date, the Borrower through the Project Executing Agency shall ensure that a website is established and regularly maintained for the purposes of the Project. The Project website shall communicate Project activities and implementation progress through regular progress reports. The website shall also announce any employment, education, and business opportunities associated with the Project. Such announcements, when dealing with contract awarded under the Project, shall at least disclose: (a) the list of participating bidders, (b) the name of the winning bidder, (c) the amount of the contracts awarded, and (d) the services procured.