
LOAN NUMBER 3472-MYA (COL)

LOAN AGREEMENT
(Special Operations)
(Equipping Youth for Employment Project)

between

THE REPUBLIC OF THE UNION OF MYANMAR

and

ASIAN DEVELOPMENT BANK

DATED 22 MARCH 2017

MYA 48431

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**LOAN AGREEMENT
(Special Operations)**

LOAN AGREEMENT dated 22 March 2017 between THE REPUBLIC OF THE UNION OF MYANMAR ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) the Borrower has applied to ADB for a loan for the purposes of the Project described in Schedule 1 to this Loan Agreement; and

(B) ADB has agreed to make a loan to the Borrower from ADB's Special Funds resources upon the terms and conditions set forth herein;

NOW THEREFORE the parties agree as follows:

ARTICLE I

Loan Regulations; Definitions

Section 1.01. All provisions of the Special Operations Loan Regulations of ADB, dated 1 January 2006 ("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 3.01 is deleted and the following is substituted therefor:

Loan Account. The principal amount of the Loan, as denominated in accordance with Section 4.01, shall be credited to the Loan Account and may be withdrawn therefrom in accordance with the provisions of the Loan Agreement and these Regulations.

(b) Section 4.01 is deleted and the following is substituted therefor:

Denomination of the Loan. The Loan shall be denominated in the particular currency specified in the Loan Agreement.

(c) Section 4.02 is deleted and the following is substituted therefor:

Currency of Withdrawal. Withdrawals from the Loan Account shall be made in the particular currency specified in the Loan Agreement.

(d) Section 4.03 is deleted and the following is substituted therefor:

Currency of Payment of Principal. The principal of the Loan shall be expressed and repayable in the particular currency specified in the

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Loan Agreement. The Borrower shall repay the amount withdrawn from the Loan Account in accordance with the Loan Agreement

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) "CBMSC" means competency-based modular short course;
- (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 as described in paragraph 3 of Schedule 1 to this Loan Agreement;
- (d) "DERPT" means the Department of Education Research, Planning and Training of the MOE or any successor thereto;
- (e) "EGP" or "Ethnic Group Plan" means the ethnic group plan for the Project, including any updates thereto, prepared and submitted by the Project Executing Agency and cleared by ADB;
- (f) "Environmental Management Plan" or "EMP" means the environmental management plan for the Project, including any update thereto, incorporated in the IEE;
- (g) "Environmental Safeguards" means the principles and requirements set forth in Chapter V, Appendix 1, and Appendix 4 (as applicable) of the SPS;
- (h) "Ethnic Minorities" means indigenous peoples within the meaning of the SPS and as described in the PAM;
- (i) "GAP" means the gender action plan for the Project, including any updates thereto, and agreed between the Borrower and ADB;
- (j) "Goods" means equipment and materials to be financed out of the proceeds of the Loan, including related services such as transportation, insurance, installation, commissioning, training, and initial maintenance, but excluding Consulting Services;
- (k) "Indigenous Peoples Safeguards" means the principles and requirements set forth in Chapter V, Appendix 3, and Appendix 4 (as applicable) of the SPS;
- (l) "Initial Environmental Examination" or "IEE" means the initial environmental examination for the Project, including any update thereto, prepared and submitted by the Borrower and cleared by ADB;
- (m) "Involuntary Resettlement Safeguards" means the principles and requirements set forth in Chapter V, Appendix 2, and Appendix 4 (as applicable) of the SPS;

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(n) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2015, as amended from time to time);

(o) "LSE" means lower secondary education;

(p) "MOE" means the Borrower's Ministry of Education or any successor thereto;

(q) "MOI" means the Borrower's Ministry of Industry or any successor thereto;

(r) "MOLIP" means the Borrower's Ministry of Labor, Immigration and Population or any successor thereto;

(s) "NESP" means the Borrower's National Education Strategic Plan, 2016-2021 which provides a roadmap for reforms and a unified framework for increased investments in the education sector, as may be amended;

(t) "PAM" means the project administration manual for the Project dated 11 October 2016 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) "Procurement Guidelines" means ADB's Procurement Guidelines (2015, as amended from time to time);

(v) "Procurement Plan" means the procurement plan for the Project dated 11 October 2016 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;

(w) "Project Executing Agency" for the purposes of, and within the meaning of, the Loan Regulations means MOE or any successor thereto acceptable to ADB, which is responsible for the carrying out of the Program;

(x) "Project Implementing Agency" means DERPT or any successor thereto acceptable to ADB, which is responsible for the overall implementation of the Project;

(y) "Project Implementing Units" means each of the (i) DERPT; (ii) Department of Basic Education of MOE; (iii) Department of Technical and Vocational Education and Training of MOE; (iv) Department of Higher Education of MOE; (v) Department of Myanmar Examinations of MOE; (vi) MOI-Directorate of Industrial Collaboration; and (vii) MOLIP-Department of Labor, or any successor thereto acceptable to ADB, acting as technical leads and responsible for implementing certain groups of Project activities;

(z) "Safeguard Policy Statement" or "SPS" means ADB's Safeguard Policy Statement (2009);

(aa) "Safeguards Monitoring Report" means each report prepared and submitted by the Borrower to ADB that describes progress with implementation of and

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compliance with the EMP and EDP, including any necessary corrective and preventative actions in compliance with EDP;

(bb) "SES" means the secondary education subsector;

(cc) "TVET" means technical and vocational education and training;

(dd) "USE" means upper secondary education; and

(ee) "Works" means construction or civil works to be financed out of the proceeds of the Loan, 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. ADB agrees to lend to the Borrower from ADB's ordinary capital resources an amount of ninety-eight million four hundred ninety thousand Dollars (\$98,490,000).

Section 2.02. (a) The Borrower shall pay to ADB an interest charge at the rate of 1% per annum during the grace period, and 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 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 2.03. The interest charge and any other charge on the Loan shall be payable semiannually on 15 June and 15 December 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.

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ARTICLE III

Use of Proceeds of the Loan

Section 3.01. The Borrower shall cause the proceeds of the Loan to be applied exclusively 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. Withdrawals from the Loan Account in respect of Goods, Works, and Consulting Services shall be made only on account of expenditures relating to:

- (a) Goods which are produced in and supplied from and Works and Consulting Services which 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) Goods, Works, and Consulting Services which meet such other eligibility requirements as shall have been specified by ADB from time to time.

Section 3.05. The Loan Closing Date for the purposes of Section 8.02 of the Loan Regulations shall be 30 June 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 of 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.

Section 4.02. (a) The Borrower shall (i) maintain separate accounts and records for the Project; (ii) prepare annual 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

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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 and the Borrower's financial affairs 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, unless the Borrower shall otherwise agree.

Section 4.03. The Borrower shall enable ADB's representatives to inspect the Project, the Goods and Works, and any relevant records and documents.

ARTICLE V

Effectiveness

Section 5.01. A date 90 days after the date of this Loan Agreement is specified for the effectiveness of this Loan Agreement for the purposes of Section 9.04 of the Loan Regulations.

ARTICLE VI

Miscellaneous

Section 6.01. The Union Minister of Planning and Finance 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:

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For the Borrower

Ministry of Planning and Finance
Building No. 26 Nay Pyi Taw
The Republic of the Union of Myanmar

Facsimile Number:

+95-67-410198

For ADB

Asian Development Bank
Myanmar Resident Mission
PARKROYAL, Hotel Padauk Building
13/14 Hotel Zone
Dekhina Thiri Township
Nay Pyi Taw
The Republic of the Union of Myanmar

Facsimile Number:

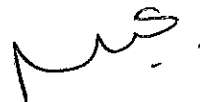
(95) 67-8106287.

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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.

THE REPUBLIC OF THE UNION OF MYANMAR

By 

NWE NWE WIN
Director General
Treasury Department Ministry of
Planning and Finance

ASIAN DEVELOPMENT BANK

By 

CHRISTOPHER SPOHR
Authorized Representative

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SCHEDULE 1

Description of the Project

1. The objective of the Project is the realignment of secondary education and TVET to the evolving labor force needs and equitable expansion thereof.

2. The Project shall comprise the following outputs:

(a) Output 1: Policy frameworks and capacities for cohesive, workforce-responsive SES and TVET enhanced

Consisting of (i) establishing new mechanisms for enhanced school-employment linkages by providing support to MOE, MOI and MOLIP to consolidate data and engage with industry to assess and address evolving labor market skill demands; (ii) helping to rationalize SES and TVET by providing support to define and map core competencies for SES and TVET, develop and operationalize a new policy on learning pathways linking academic education and TVET linked to a new national qualifications framework, and utilize management information systems and school network mapping to address unmet demand for SES and TVET; and (iii) strengthening the capacity of MOE to manage and coordinate these cross-cutting reforms.

(b) Output 2: New SES curriculum delivered and access expanded

Consisting of (i) supporting national reforms of SES curriculum, pedagogy and assessment to reorient LSE and USE from rote to provision of soft skills; (ii) enhancing equity across gender, ethnic groups and other dimensions by supporting the development of new policies and/or strategies on SES dorms to allow youth from remote village to continue schooling, upgrading of incomplete SES schools to promote equitable quality and completion in SES and national communication and social marketing campaigns; (iii) providing targeted support to increase completion rates in approximately 48 underserved rural townships by upgrading approximately 48 incomplete SES schools to provide new classrooms, sex-segregated dorms, sanitary facilities, laboratory, library and teaching equipment and resources and rigorous impact evaluation of these interventions; and (iv) strengthening SES policy and management, including capacity building for SES head teachers, training for subnational MOE offices to effectively support SES reforms, and policy development and pilot testing of the use of effective, low-cost and equity-enhancing information and communication technology as a tool to support improved teaching and learning.

(c) Output 3: New TVET programs introduced and access expanded

Consisting of (i) supporting TVET reforms laid out in the NESP and draft TVET law by financing MOE and MOI's implementation of a priority NESP TVET program on the scale-up of CBMSCs, expanding CBMSC provision to a total of approximately 15 existing TVET schools and diversifying programs to cover a broader array of urgently needed skills in construction, other high growth

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industries and mechanized agriculture; and (ii) addressing supply-and-demand constraints by (a) supporting the operationalizing of the forthcoming TVET law, (b) supporting a new policy on promoting equitable access to TVET prioritizing increased participation by females and ethnic group youth; (c) supporting social marketing to boost female employment in male-dominated skills areas; (d) pilot testing and evaluating a new needs-based stipend scheme covering particularly disadvantaged CBMSC trainees such as females and ethnic group trainees from remote areas; and (e) enhancing TVET management and supporting a shift towards demand-driven approaches, by supporting the establishment of new TVET council structure that includes industry representation, supporting new industry engagement mechanisms, enhancing capacity in local MOE and MOI offices to align TVET to local industry demands and supporting new legislative and policy frameworks in areas including TVET financing and public-private partnerships in TVET.

3. The Project includes Consulting Services to support Project implementation.
4. The Project is expected to be completed by 31 December 2022.

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SCHEDULE 2**Amortization Schedule****(Equipping Youth for Employment Project)**

<u>Date</u>	<u>Payment of Principal</u> (expressed in USD)
15 December 2024	2,051,875
15 June 2025	2,051,875
15 December 2025	2,051,875
15 June 2026	2,051,875
15 December 2026	2,051,875
15 June 2027	2,051,875
15 December 2027	2,051,875
15 June 2028	2,051,875
15 December 2028	2,051,875
15 June 2029	2,051,875
15 December 2029	2,051,875
15 June 2030	2,051,875
15 December 2030	2,051,875
15 June 2031	2,051,875
15 December 2031	2,051,875
15 June 2032	2,051,875
15 December 2032	2,051,875
15 June 2033	2,051,875
15 December 2033	2,051,875
15 June 2034	2,051,875
15 December 2034	2,051,875
15 June 2035	2,051,875
15 December 2035	2,051,875
15 June 2036	2,051,875
15 December 2036	2,051,875
15 June 2037	2,051,875
15 December 2037	2,051,875
15 June 2038	2,051,875
15 December 2038	2,051,875
15 June 2039	2,051,875
15 December 2039	2,051,875
15 June 2040	2,051,875
15 December 2040	2,051,875
15 June 2041	2,051,875
15 December 2041	2,051,875
15 June 2042	2,051,875
15 December 2042	2,051,875
15 June 2043	2,051,875
15 December 2043	2,051,875
15 June 2044	2,051,875
15 December 2044	2,051,875

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15 June 2045	2,051,875
15 December 2045	2,051,875
15 June 2046	2,051,875
15 December 2046	2,051,875
15 June 2047	2,051,875
15 December 2047	2,051,875
15 June 2048	2,051,875
TOTAL	98,490,000

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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 disbursed on the basis of the withdrawal percentage for each item of expenditure set forth in the Table.

Interest Charge

3. The amount allocated to Category 4 is for financing the interest charge on the Loan during the implementation period of the Project.

Reallocation

4. 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, by notice to 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, by notice to the Borrower, reallocate such excess amount to any other Category.

Disbursement Procedures

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

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Conditions for Withdrawals from Loan Account

6. Notwithstanding any other provision of this Loan Agreement, (a) no withdrawals shall be made from the Loan Account for Category 2 (CBMSC targeted stipends) until the MOE has approved the detailed guidelines for the Needs Based Stipend Program for Competency Based Modular Short Course Trainees as described in paragraph 20 of Schedule 5 hereto and in a manner and substance acceptable to ADB; and (b) no withdrawals shall be made from the Loan Account for Categories 1 and 2 until the relevant MOE staff have completed training on ADB disbursement procedures to the satisfaction of ADB.

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TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Equipping Youth for Employment Project)				
Number	Item	Total Amount Allocated for ADB Financing (USD)		Basis for Withdrawal from the Loan Account
		Category	Subcategory	
1	New classrooms & TVET workshops ^{a+}	17,876,178		100% of total expenditure claimed
2	Equipment and furniture ⁺	5,780,191		100% of total expenditure claimed
3	Teaching and learning materials ^{b+}	17,740,577		100% of total expenditure claimed
4	Training and staff development ⁺	21,854,523		100% of total expenditure claimed
5	Consulting Services ⁺	9,566,127		100% of total expenditure claimed
6	CBMSC stipends and supplies	6,128,365		
6A	CBMSC targeted stipends ⁺ **		1,693,948	100% of total expenditure claimed
6B	CBMSC supplies ⁺		4,434,416	100% of total expenditure claimed
7	Project management and monitoring ^{c+}	2,861,453		100% of total expenditure claimed
8	Unallocated ⁺	13,682,643		
9	Interest during implementation	2,999,943		100% of amounts due
	Total	98,490,000		

^a Works excludes land and site preparation at various sites as well as refurbishing of existing TVET workshop spaces, which comprise government contribution.

^b Teaching and learning materials includes printing/production, packaging, and distribution of various teaching and learning materials.

^c Training and staff development excludes government-financed in-school teacher peer support.

+ Subject to condition for withdrawal referred to in paragraph 6(b) of Schedule 3 to the Loan Agreement.

** Subject to condition for withdrawal referred to in paragraph 6(a) of Schedule 3 to the Loan Agreement.

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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.

Goods and Works

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

Domestic Preference

5. The Borrower may grant a margin of preference in the evaluation of bids under international competitive bidding in accordance with paragraphs 2.55(a) and 2.56 of the Procurement Guidelines for domestically manufactured Goods and paragraphs 2.55(b) and 2.56 of the Procurement Guidelines for domestic Works.

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.

Condition for Award of Contract

7. The Borrower shall not award any Works contract which involves:
 - (a) environmental impacts until (i) the relevant authority of the Borrower has granted the final approval of the IEE; and (ii) the Borrower has




incorporated the relevant provisions from the EMP into the Works contract; and

- (b) impacts on ethnic groups until the Borrower has prepared and submitted to ADB the final EGP, and obtained ADB's clearance of such EGP.

Condition for Notice to Proceed - Unexploded Ordnance (UXO)

8. For any Works supported under the Project, the Borrower, through the Project Executing Agency, shall not issue a notice to proceed for any Works within the relevant construction site, until the Borrower, through the Project Executing Agency, has confirmed that such construction site is free from any UXO.

Consulting Services

9. Except as set forth in the paragraph below, the Borrower shall apply Quality- and Cost-Based Selection for Consulting Services.

10. 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:

- (a) Fixed Budget Selection or Least-Cost Selection for study on stipends and tracer studies on CBMSC trainees; and
- (b) Fixed Budget Selection for data collection survey.

11. The Borrower shall recruit the individual consultants for international procurement specialist and international financial management consultant in accordance with procedures acceptable to ADB for recruiting individual consultants.

Industrial or Intellectual Property Rights

12. (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.

13. 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.

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ADB's Review of Procurement Decisions

14. Contracts procured under international competitive bidding procedures for Works and Goods 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.

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

1. The Borrower and 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.

Interagency Coordination

2. The Borrower and the Project Executing Agency shall ensure that all the relevant ministries, agencies and divisions involved in the implementation of the Project, including local government authorities, provide their full cooperation to ensure smooth implementation of the Project.

Development Coordination

3. The Borrower shall keep ADB informed of discussion with other multilateral and bilateral agencies that may have implications for the implementation of the Project including relating to any institutional and sector restructuring and shall share all such related documents with ADB including to the maximum extent permissible, all such documents of development partners. The Borrower shall provide ADB with an opportunity to comment on any resulting policy reforms which could affect the Project, and shall take into account ADB's views before finalizing and implementing any such proposals.

Counterpart Funds

4. The Borrower shall ensure that the Project Executing Agency has sufficient funds to satisfy its liabilities arising from any Works, Goods and/or Consulting Services contract.

Safeguards

5. The Borrower, through the Project Executing Agency, shall ensure that the Project does not have any significant adverse environmental impacts, any involuntary resettlement impacts or any significant ethnic peoples or indigenous peoples impacts, all within the meaning of the SPS. In the event that the Project does have any such impact, the Borrower, through Project Executing Agency, shall take all steps required to ensure that the Project complies with the applicable laws and regulations of the Borrower and with the SPS.

6. The Borrower, through the Project Executing Agency, shall monitor the Project activities for any significant adverse environmental or any involuntary resettlement or any significant impact on ethnic groups or indigenous peoples and consult ADB on appropriate mitigating measures as and when may be necessary.

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Environment

7. The Borrower, through the Project Executing Agency, shall ensure that the preparation (including site selection), design, construction, implementation, operation and decommissioning of the Project and Project facilities comply with (a) all applicable laws and regulations of the Borrower relating to environment, health and safety; (b) the Environmental Safeguards; and (c) all measures and requirements set forth in the IEE, the EMP and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

Land Acquisition and Involuntary Resettlement

8. The Borrower, through the Project Executing Agency, shall 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.

9. Without limiting the application of the applicable principles and requirements set forth in the SPS relating to involuntary resettlement, the Borrower, through the Project Executing Agency, shall ensure that no physical or economic displacement takes place in connection with the Project.

10. The Borrower, through the Project Executing Agency, shall ensure that (a) the Project is carried out on vacant land owned by the Borrower, free from all encumbrances, habitation, dispute or controversy; (b) the Project does not finance any activity having any involuntary resettlement impact as defined in the SPS; and (c) Project sites are selected for Works based on eligibility criteria agreed between the Borrower and ADB. In the event of unforeseen land acquisition or involuntary resettlement, the Borrower shall immediately inform ADB and prepare the necessary documents in compliance with the SPS.

Indigenous Peoples

11. The Borrower, through the Project Executing Agency, shall 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 ethnic groups or indigenous peoples; (b) the Indigenous Peoples Safeguards; and (c) all measures and requirements set forth in the EGP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

Human and Financial Resources to Implement Safeguards Requirements

12. The Borrower shall make available necessary budgetary and human resources to fully implement the EMP and EGP.

Safeguards – Related Provisions in Bidding Documents and Civil Works Contracts

13. The Borrower, through the Project Executing Agency, shall 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 and EGP (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 Project Executing Agency with a written notice of any unanticipated environmental, resettlement or ethnic group risks or impacts that arise during construction, implementation or operation of the Project that were not considered in the IEE, EMP and EGP.

Safeguards Monitoring and Reporting

14. The Borrower, through the Project Executing Agency, shall do the following:
- (a) submit quarterly 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, EMP and EGP, 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 EMP or EGP 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 are used to finance any activity included in the list of prohibited investment activities provided in Appendix 5 of the SPS.

Gender and Development

16. The Borrower, through the Project Executing Agency, 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, but not limited to: (i) skill need analysis and industry engagement support strategies to increase female participation in formal wage employment; (ii) new SES and TVET curriculum materials are gender sensitive; (iii) females comprise at least 70% of SES and 50% of TVET teachers trained; (iv) new SES and TVET dorms reserve at least 50% of slots for females; and (v) females constitute at least 50% of CBMSC stipend beneficiaries.

Teacher Deployment

17. The Borrower, through the Project Executing Agency, shall ensure adequate and timely employment of qualified teachers for additional classrooms and workshops to be constructed under the Project.

Supervision of Dormitories

18. The Borrower, through the Project Executing Agency, shall ensure that SES and TVET schools where dormitories are constructed in connection with the Project assign, and provide necessary support for, teaching staff to reside in or adjacent to such dormitories. Such teaching staff will maintain security of the dormitories at all times, and shall provide remedial support and other activities to youth living in the dormitories.

TVET Needs-Based Stipend Program

19. By the end of 2017, the Borrower shall ensure that the MOE has developed and approved guidelines for the Needs Based Stipend Program ("NBSP") for Competency Based Modular Short Course Trainees in a manner and substance acceptable to ADB ("NBSP Guidelines"). In particular, the NBSP Guidelines shall provide for the following:

- (a) stipends are granted to disadvantaged trainees on a need basis, and subject to their ability to maintain satisfactory attendance and performance;
- (b) selection criteria for eligible trainees, including: (i) at least half of stipend recipients are female trainees including those from poor and disadvantaged ethnic groups; and (ii) priority is given to trainees from ethnic groups from remote areas;
- (c) transparent mechanism of fund flow to beneficiary trainees and its monitoring;
- (d) the stipends will be terminated in cases where the trainee is unable to maintain an acceptable level of performance and/or has been absent from the training program for an extended amount of time; and
- (e) the list of the beneficiaries are made public at each participating TVET school and on the Project website.

20. The Borrower, through the Project Executing Agency and MOI, shall ensure that the NBSP is managed and implemented in accordance with the NBSP Guidelines, and shall not amend such NBSP Guidelines without prior written consent from ADB.

21. The Borrower, through the Project Executing Agency, shall ensure that the criteria and procedures for selection of trainees for stipend support under the NBSP are posted on a Project webpage hosted on MOE's website and/or another suitable location.

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Labor Standards, Health and Safety

22. The Borrower, through the Project Executing Agency, shall ensure that the core labor standards and the Borrower's applicable laws and regulations are complied with during Project implementation. The Borrower, through the Project Executing Agency, shall include specific provisions in the bidding documents and contracts financed by ADB under the Project requiring that the contractors, among other things: (a) comply with the Borrower's applicable labor law and regulations and incorporate applicable workplace occupational safety norms; (b) do not use child labor; (c) do not discriminate workers in respect of employment and occupation; (d) do not use forced labor; (e) allow freedom of association and effectively recognize the right to collective bargaining; and (f) disseminate, or engage appropriate service providers to disseminate, information on the risks of sexually transmitted diseases, including HIV/AIDS, to the employees of contractors engaged under the Project and to members of the local communities surrounding the Project area, particularly women.

23. The Borrower, through the Project Executing Agency, shall strictly monitor compliance with the requirements set forth in paragraph 22 above and provide ADB with regular reports.

Governance and Anticorruption

24. The Borrower, the Project Executing Agency, the Project Implementing Agency and the Project Implementing Units shall (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.

25. The Borrower, the Project Executing Agency, the Project Implementing Agency, and the Project Implementing Units shall 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.

26. The Borrower shall ensure that (a) the Project Executing Agency, the Project Implementing Agency and the Project Implementing Units comply with applicable laws and regulations of the Borrower on combating money laundering and financing of terrorism; and (b) ADB Loan proceeds are not used, directly or indirectly, in money laundering or financing of terrorism.

Project Website

27. By the end of 2017, the Borrower, through the Project Executing Agency, shall establish and maintain a website, accessible by the public, to disclose various information concerning the Project, including general information about the Project, public procurement related to the Project, Project progress and contact details in English and Myanmar language. The website will also provide a link to ADB's Integrity Unit (<http://www.adb.org/Integrity/complaint.asp>) for reporting to ADB any grievances or allegations of corrupt practices arising out of the Project and Project activities. For each contract, the Project website will include information on, among others, the list of participating

bidders, name of the winning bidder, basic details on bidding procedures adopted, amount of contract awarded, and the list of Works and Consulting Services. In addition to the web-based disclosure, stakeholders, which include civil society and non-governmental organizations, shall be provided detailed information on procurement on public notice boards in their respective provinces. The Project website shall be updated promptly after each award of contract.

Grievance Redress Mechanism or Grievance Task Force

28. The Borrower, through the Project Executing Agency, shall ensure that a grievance task force is set up to receive and resolve grievances or act upon stakeholder's report of irregularities relating to the Project, as further described in the PAM.

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