
LOAN NUMBER 3284-ARM(SF)

LOAN AGREEMENT
(Special Operations)

(Seismic Safety Improvement Program – Results-Based Lending)

between

REPUBLIC OF ARMENIA

and

ASIAN DEVELOPMENT BANK

DATED 19 October, 2015

ARM 49078

**LOAN AGREEMENT
(Special Operations)**

LOAN AGREEMENT dated 19 October, 2013 between REPUBLIC OF ARMENIA ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

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

(B) the Program will be carried out by the Borrower's Ministry of Territorial Administration and Emergency Situations ("MOTAES") as executing agency and the Armenian Territorial Development Fund ("ATDF") as implementing agency, and for this purpose the Borrower will make available to ATDF the proceeds of the Loan provided for herein upon terms and conditions mutually satisfactory to ADB and the Borrower; and

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

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) “ADB’s Results-Based Lending Policy” means ADB’s policy set out in the Policy Paper on Piloting Results-Based Lending for Programs (R25-13) approved by ADB on 6 March 2013;

(b) “Anticorruption Guidelines” means ADB’s Guidelines to Prevent or Mitigate Fraud, Corruption and Other Prohibited Activities in Results-Based Lending for Programs set forth in Appendix 7 to ADB’s Results-Based Lending Policy;

(c) “Deposit Account” has the meaning set out in paragraph 2 of Schedule 3 to this Loan Agreement;

(d) “DLI” or “Disbursement Linked Indicator” means each disbursement linked indicator set forth in Attachment 1 of Schedule 3 to this Loan Agreement which the Borrower is required to achieve in order to withdraw the amount of the Loan proceeds allocated to such disbursement linked indicator as set forth in Withdrawal Table;

(e) “DLI Matrix” means the DLI matrix for the Program as set out in Attachment 1 of Schedule 3 to this Loan Agreement and agreed between the Borrower and ADB, as updated from time to time, which sets out each DLI and its corresponding protocol for the purposes of verifying the Borrower’s achievement of each DLI;

(f) “DLI Verification Protocol” means the protocol for verifying the Borrower’s achievement of each DLI as set out in the PID;

(g) “Eligible Expenditures” means the total expenditures incurred by the Borrower (exclusive of taxes and duties incurred on Program expenditures in the territory of the Borrower) under the Program during its Fiscal Year minus any Excluded Expenditures incurred by the Borrower under the Program during the same period;

(h) “Environmental Safeguards” means the objectives, scope, triggers and policy principles set forth in the section entitled Environmental Safeguards in Chapter V of the SPS;

(i) “Excluded Expenditures” means (i) expenditures for procurement of works, goods, and services from countries which are not members of ADB; and (ii) expenditures for any prohibited investment activities provided in Appendix 5 of SPS;

(j) “FY” or “Fiscal Year” means the fiscal year of the Borrower which runs from 1 January to 31 December in each year;

(k) “IFRS” means the International Financing Reporting Standards issued by the International Accounting Standards Board from time to time;

(l) “Implementing Agreement” means an implementing agreement between the Borrower and ATDF for purposes of the Program implementation;

(m) “Loan Disbursement Handbook” means ADB’s Loan Disbursement Handbook (2015, as amended from time to time);

(n) “MOF” means the Borrower’s Ministry of Finance or any successor thereto;

(o) “MOTAES” means the Borrower’s Ministry of Territorial Administration and Emergency Situations, or any successor thereto acceptable to ADB;

(p) “MOUD” means the Borrower’s Ministry of Urban Development, or any successor thereto;

(q) “MSK” means Medvedev–Sponheuer–Karnik scale, a macro seismic intensity scale for evaluating the severity of ground shaking on the basis of observed effects in an area of the earthquake occurrence;

(r) “PID” means the program implementation document for the Program, dated 3 August 2015 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;

(s) “Program Action Plan” means the action plan dated 3 August 2015 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;

(t) “Program Actions” means the actions set out in the Program Action Plan;

(u) “Program Completion Date” means the date set out in paragraph 3 of Schedule 1 to this Loan Agreement, or such other date as the Borrower and ADB may agree;

(v) “SPS” means ADB’s Safeguard Policy Statement (2009);

(w) “SSRP” means the School Strengthening and Renovation Program approved by the Borrower through the resolution of the government of the Republic of Armenia N797-N dated 23 July 2015, as updated from time to time in accordance with the Borrower’s applicable rules and procedures; and

(x) “Withdrawal Table” means the table set forth in Attachment 2 of Schedule 3 to this Loan Agreement.

ARTICLE II

The Loan

Section 2.01. ADB agrees to lend to the Borrower from ADB's Special Fund resources an amount in various currencies equivalent to sixty-three million two hundred fifty-nine thousand Special Drawing Rights (SDR63,259,000).

Section 2.02. (a) 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.

(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 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 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 the Dollar.

ARTICLE III

Use of Proceeds of the Loan

Section 3.01. The Borrower shall make the proceeds of the Loan available to ATDF upon terms and conditions mutually agreeable to ADB and the Borrower, and shall (a) cause the Loan proceeds to be applied to the financing of expenditures on the Program; and (b) ensure that the Loan proceeds are used for their intended purposes in accordance with the generally accepted principles of economy, efficiency, transparency and accountability.

Section 3.02. The proceeds of the Loan shall be 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. The Borrower shall ensure that no Loan proceeds are used to finance any Excluded Expenditures.

Section 3.04. The Borrower shall ensure that in any Fiscal Year the amount of Eligible Expenditures is equal to or exceeds the proceeds of the Loan withdrawn by the Borrower under the Program in the same Fiscal Year.

Section 3.05. The Loan Closing Date for the purposes of Section 8.02 of the Loan Regulations shall be 31 May 2021 or such other date as may from time to time be agreed between the Borrower and ADB.

ARTICLE IV

Particular Covenants

Section 4.01. (a) The Borrower shall cause the Program to be carried out by ATDF with due diligence, economy, efficiency, transparency and accountability, and in conformity with sound applicable technical, financial, business, and development practices.

(b) In the carrying out of the Program, the Borrower shall perform, or cause to be performed by ATDF, all obligations set forth in Schedule 4 to this Loan Agreement.

Section 4.02. The Borrower shall enable ADB's representatives to inspect the Program, the goods and works, and any relevant records and documents.

Section 4.03. The Borrower shall ensure, or cause ATDF to ensure, that the activities of its departments and agencies with respect to the carrying out of the Program and operation of Program facilities are conducted and coordinated in accordance with sound administrative policies and procedures.

Section 4.04. (a) The Borrower shall cause ATDF to (i) maintain separate accounts and records for the Program; (ii) prepare annual financial statements for the Program in accordance with accounting principles acceptable to ADB for each Fiscal Year until the Loan Closing Date; (iii) have such financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with international standards for auditing or the national equivalent acceptable to ADB; (iv) as part of each such audit, have the auditors prepare a report (which includes the auditors' opinion on the financial statements) and a management letter (which sets out the deficiencies in the internal control of the Program 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 Program and the opinion of the auditors on the financial statements within 30 days of the date of their receipt by posting them on ADB's website.

(c) In addition to annual audited financial statements referred to in subsection (a) hereinabove, the Borrower shall cause ATDF to (i) provide its annual financial statements prepared in accordance with IFRS or national accrual-based financing reporting standards acceptable to ADB; (ii) have its financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with international standards for auditing or the national equivalent acceptable to ADB; and (iii) furnish to ADB, no later than 1 month after approval by the relevant authority, copies of such audited financial statements in the English language and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.

(d) The Borrower shall enable ADB, upon ADB's request, to discuss the financial statements for the Program and the Borrower's financial affairs where they relate to the Program 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 4.05. (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 the implementation of the Program, including the accomplishment of the DLIs and carrying out of the Program Actions.

(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 semiannual reports on the carrying out of the Program and on the accomplishment of the DLIs and carrying out of the Program Actions.

Section 4.06. (a) ADB and the Borrower shall cooperate fully to ensure that the purposes of the Loan shall be accomplished.

(b) The Borrower shall promptly inform ADB of any condition which interferes with, or threatens to interfere with, the progress of the Program, the performance of its obligations under this Loan Agreement, or the accomplishment of the purposes of the Loan.

(c) ADB and the Borrower shall from time to time, at the request of either party, exchange views through their representatives with regard to any matters relating to the Program or the Loan.

Section 4.07. (a) In so far as it relates to the Program, the Borrower shall exercise its rights under the Implementing Agreement in such a manner as to protect the interests of the Borrower and ADB and to accomplish the purposes of the Loan.

(b) In so far as it relates to the Program, no rights or obligations under the Implementing Agreement shall be assigned, amended, abrogated or waived without prior notice to ADB.

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 Minister of 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 12.01 of the Loan Regulations:

For the Borrower

Minister of Finance
Ministry of Finance
1 Melik-Adamyán Street
Yerevan 0010, Armenia

Facsimile Number:

+374 118 00132.

For ADB

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

Facsimile Numbers:

(+63 2) 636-2444
(+63 2) 636-2484.

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.

REPUBLIC OF ARMENIA

By  _____
GAGIK KHACHATRYAN
Minister of Finance

ASIAN DEVELOPMENT BANK

By  _____
DAVID DOLE
Country Director
Armenia Resident Mission

SCHEDULE 1

Description of the Program

1. The objective of the Program is to support SSRP implementation in improving coverage of seismically safe school buildings.
2. The Program shall support SSRP in the following areas:
 - (a) **Increasing seismic resilience of school buildings:** strengthening or reconstruction of school buildings of priority schools identified under the SSRP, in accordance with updated building codes, the guidelines for school building retrofitting and the government requirements on energy efficiency, with wheelchair access and sex-segregated lavatories.
 - (b) **Strengthening seismic disaster preparedness and response capacity:**
 - (i) developing an emergency response action plan for each school strengthened or reconstructed under this Program;
 - (ii) conducting awareness campaigns for local communities in the neighborhood of these schools;
 - (iii) providing vocational training to construction managers and workers to improve their seismic strengthening construction technologies, techniques and skills; and
 - (iv) providing equipment to modernize seismic observation stations and training to staff to improve their seismic monitoring and projection capacity.
 - (c) **Improving supportive policies and systems for seismic disaster risk management and reduction:**
 - (i) reviewing and updating country's building codes for school buildings to be harmonized with international seismic safety standards, and developing guidelines for school building strengthening and retrofitting in line with international best practices;
 - (ii) regularly updating the SSRP;
 - (iii) updating the probabilistic seismic hazard map and seismic risk assessments for school buildings; and

(iv) developing a financing strategy to guide the financing of the investment needs for seismic risk management of public infrastructure in the territory of the Borrower.

(d) Enhancing capacity in Program execution and implementation: strengthening ATDF for effective implementation of SSRP, including providing additional staff to ATDF, updating the ATDF operations manual, and developing or enhancing necessary systems and reports for the Program implementation and management, and providing training to staff working on the Program implementation and management.

3. The Program is expected to be completed by 30 November 2020.

SCHEDULE 2
Amortization Schedule

(Seismic Safety Improvement Program – Results-Based Lending)

<u>Date Payment Due</u>	<u>Payment of Principal</u> (expressed in Special Drawing Rights)*
15 November 2020	1,581,475
15 May 2021	1,581,475
15 November 2021	1,581,475
15 May 2022	1,581,475
15 November 2022	1,581,475
15 May 2023	1,581,475
15 November 2023	1,581,475
15 May 2024	1,581,475
15 November 2024	1,581,475
15 May 2025	1,581,475
15 November 2025	1,581,475
15 May 2026	1,581,475
15 November 2026	1,581,475
15 May 2027	1,581,475
15 November 2027	1,581,475
15 May 2028	1,581,475
15 November 2028	1,581,475
15 May 2029	1,581,475
15 November 2029	1,581,475
15 May 2030	1,581,475
15 November 2030	1,581,475
15 May 2031	1,581,475
15 November 2031	1,581,475
15 May 2032	1,581,475
15 November 2032	1,581,475
15 May 2033	1,581,475
15 November 2033	1,581,475
15 May 2034	1,581,475
15 November 2034	1,581,475
15 May 2035	1,581,475
15 November 2035	1,581,475
15 May 2036	1,581,475
15 November 2036	1,581,475
15 May 2037	1,581,475
15 November 2037	1,581,475
15 May 2038	1,581,475
15 November 2038	1,581,475
15 May 2039	1,581,475
15 November 2039	1,581,475
15 May 2040	<u>1,581,475</u>
TOTAL	63,259,000

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

SCHEDULE 3

Withdrawal of Loan Proceeds

General

1. This Schedule 3 shall apply to the withdrawal of Loan proceeds from the Loan Account.

Deposit Account

2. Prior to submitting the first application to ADB for withdrawal from the Loan Account, the Borrower shall nominate a bank account in the name of ATDF, designated for the Program in the State Treasury and maintained by Central Bank of Armenia, into which all withdrawals from the Loan Account shall be deposited ("Deposit Account"). The Deposit Account shall be managed and liquidated in accordance with terms and conditions satisfactory to ADB.

3. The Borrower shall maintain separate accounts and records in respect of the Deposit Account in accordance with accounting principles acceptable to ADB. Upon ADB's request, the Borrower shall have the financial statements for the Deposit Account audited by independent auditors, whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with international standards for auditing or the national equivalent acceptable to ADB. Promptly after their preparation but in any event not later than 6 months after the date of ADB's request, copies of such audited financial statements and the opinion of the auditors on the financial statements, in the English language, shall be furnished to ADB.

Application for Withdrawal from the Loan Account

4. (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) Prior to the submission of the first withdrawal application, the Borrower shall submit, or cause to be submitted, to ADB sufficient evidence of the authority of the person(s) who shall sign the withdrawal applications on behalf of the Borrower, together with the authenticated specimen signatures of each authorized person.

Basis for Withdrawal from the Loan Account

5. The Withdrawal Table sets out the Loan amount available for withdrawal upon satisfaction of the corresponding DLI targets as set out in the DLI Matrix and the expected disbursement schedule. Except as otherwise specified in this Schedule 3 or otherwise agreed by ADB, the Withdrawal Table shall form the basis for withdrawal from the Loan Account.

6. Except as otherwise agreed by ADB, the Borrower shall not make more than one application for withdrawal from the Loan Account in each quarter of a Fiscal Year.

7. Prior to submitting any application for withdrawal from the Loan Account for a DLI, the Borrower shall submit, for ADB's approval, satisfactory evidence that such DLI has

been fully achieved or (for DLIs for which partial disbursement is allowed as specified in the DLI Matrix) partly achieved as required under the relevant DLI Verification Protocol. Upon ADB's confirmation that the DLI has been achieved in full or (for DLIs for which partial disbursement is allowed as specified in the DLI Matrix) in part, the Borrower may submit an application for withdrawal of the corresponding Loan proceeds for such DLI as specified in the relevant DLI Verification Protocol and the Withdrawal Table.

8. No withdrawal shall be made from the Loan Account for any DLI unless both the Borrower and ADB are satisfied that the Borrower continues to comply with all DLIs that were previously achieved and for which Loan proceeds have been disbursed.

9. Throughout the Program period, the Borrower shall submit any information on Program that ADB may require from time to time to assess and calculate the value of Eligible Expenditures.

Interest Charge

10. The amount allocated to "Interest During Program Implementation" in the Withdrawal Table is for financing interest charge on the Loan during the implementation period of the Program. ADB shall be entitled to withdraw from the Loan Account and pay to itself, on behalf of the Borrower, the amounts required to meet payments, when due, of such interest charge.

Financing for Prior Results and Advance Financing

11. (a) Withdrawals from the Loan Account may be made for DLI targets achieved prior to the Effective Date but not earlier than 12 months before the date of this Loan Agreement, provided that such withdrawal does not exceed 20% of the Loan amount.

(b) Prior to the achievement of any DLIs, withdrawals from the Loan Account may be made for the purposes of meeting the Program's financing requirements and supporting the achievement of DLIs. Upon achievement of subsequent DLIs, ADB shall recover the outstanding advance financing amount from the disbursement of Loan proceeds for such DLIs that have been achieved.

(c) Withdrawals for advance financing may be made from time to time during Program implementation; provided that (i) the outstanding advance financing amount shall not, at any time, exceed 25% of the Loan amount; and (ii) the aggregate outstanding advance financing amount and the Loan amount withdrawn for financing prior results set out in the Withdrawal Table shall not, at any time, exceed 30% of the Loan amount.

Reallocation

12. The years indicated for disbursement in the Withdrawal Table are indicative only and shall not restrict disbursement on account of any DLI targets achieved (a) ahead of the expected year, or (b) later than the expected year, provided that the achievement of any DLI shall be no later than the Program Completion Date.

13. Notwithstanding the allocation of Loan proceeds set forth in the Withdrawal Table, the Borrower and ADB may by agreement reallocate amounts within the same DLI or from one DLI to any other DLI.

Disbursement Procedures

14. Except as ADB may otherwise agree, the Loan proceeds shall be disbursed in accordance with the Loan Disbursement Handbook. The Borrower shall submit, or cause to be submitted, the supporting documents specified in paragraph 7 of this Schedule 3 in lieu of the supporting documents required under the Loan Disbursement Handbook.

Reconciliation

15. If any DLIs have not been achieved by the Program Completion Date, the Borrower shall, within 6 months after the Program Completion Date, refund to ADB any outstanding advance financing amount or part thereof which corresponds to the Loan amount allocated under the Withdrawal Table for the DLIs or part of the DLIs which have not been achieved.

16. If the amount of Eligible Expenditures is less than the proceeds of the Loan withdrawn by the Borrower under the Program by the Program Completion Date, the Borrower shall, within 6 months after the Program Completion Date, refund ADB an amount equal to such shortfall.

DISBURSEMENT-LINKED INDICATORS

Disbursement Linked Indicators (DLIs)	Baseline and Year	Prior Results (2015)	2016	2017	2018	2019	2020
DLI 1 Coverage of seismically safe school buildings increased	In 2014, the percentage of school students studying in school buildings meeting the existing government seismic safety standards was 13.4% (Female=6.5%, Male=6.9%)*			The percentage of school students studying in school buildings meeting the safety standards for MSK 9 (IX) scale earthquake increased by at least 2.1 percentage points from the baseline (partial disbursement allowed)		The percentage of school students studying in school buildings meeting the safety standards for MSK 9 (IX) scale earthquake increased by at least 3.9 percentage points from the baseline (partial disbursement allowed)	The percentage of school students studying in school buildings meeting the safety standards for MSK 9 (IX) scale earthquake increased by at least 5.3 percentage points from the baseline (partial disbursement allowed)
DLI 2 Seismic resilience of school buildings increased	In 2014, number of schools with school buildings strengthened and	Detailed design for strengthening and reconstruction of school buildings of 8	Number of schools with school buildings meeting the safety standards for MSK 9 (IX) scale earthquake		Number of schools with school buildings meeting the safety standards for MSK 9 (IX)		Number of schools with school buildings meeting the safety standards for

Disbursement Linked Indicators (DLIs)	Baseline and Year	Prior Results (2015)	2016	2017	2018	2019	2020
	reconstructed based on existing government seismic safety standards was 288*	priority schools completed and approved	increased by 9 from the baseline (partial disbursement allowed)		scale earthquake increased by 27 from the baseline (partial disbursement allowed)		MSK 9 (IX) scale earthquake increased by 46 from the baseline. (partial disbursement allowed)
DLI 3 Seismic disaster preparedness and response capacity strengthened	No baseline		at least 8 communities received public awareness campaigns with at least 50% women participating in on-site meetings on seismic risk and response in accordance with the seismic emergency response plans (partial disbursement allowed)		at least 26 communities received public awareness campaigns with at least 50% women participating in on-site meetings on seismic risk and response in accordance with the seismic emergency response plans (cumulative)		at least 46 communities received public awareness campaigns with at least 50% women participating in on-site meetings on seismic risk and response in accordance with the seismic emergency response plans (cumulative)

Disbursement Linked Indicators (DLIs)	Baseline and Year	Prior Results (2015)	2016	2017	2018	2019	2020
					(partial disbursement allowed)		(partial disbursement allowed)
DLI 4 Supportive policies, systems, and structures for seismic disaster risk management and reduction improved	No baseline	Updated and consolidated School Strengthening and Renovation Program approved	The updated building codes for school buildings, harmonized with international standard, approved Guidelines in line with international best practices for school seismic strengthening and retrofitting approved (partial disbursement allowed)		National seismic hazard probabilistic map, updated based on the seismic risk assessment, approved		
DLI 5 Capacity in executing and implementing the seismic safety investment program	No baseline	At least 11 additional staff for program implementation recruited and deployed by ATDF	Template bidding documents are prepared in accordance with internationally accepted procurement procedures	At least 30 staff working for program implementation, with at least 40% women, are trained			

Disbursement Linked Indicators (DLIs)	Baseline and Year	Prior Results (2015)	2016	2017	2018	2019	2020
enhanced			ATDF operations manual expanded and updated in accordance with the program requirements Program monitoring and evaluation system established (partial disbursement allowed)				

*The existing government seismic safety standards do not meet the international seismic safety.

Withdrawal of Loan Proceeds (Seismic Safety Improvement Program – Results-Based Lending) (Special Drawing Rights)								
	Disbursement Linked Indicator	Total ADB Financing Allocation	Financing for Prior Results	2016	2017	2018	2019	2020
DLI1	Coverage of seismically safe school buildings increased	18,514,000			6,791,000		6,719,000	5,004,000
DLI2	Seismic resilience of school buildings increased	34,382,000	2,144,000	13,224,000		13,438,000		5,576,000
DLI3	Seismic disaster preparedness and response capacity strengthened	2,573,000		1,072,000		1,001,000		500,000
DLI4	Supportive policies, systems, and structures for seismic disaster risk management and reduction improved	2,429,000	643,000	643,000		643,000		500,000
DLI5	Capacity in executing and implementing the seismic safety investment program enhanced	1,858,000	357,000	643,000	858,000			
Subtotal		59,756,000	3,144,000	15,582,000	7,649,000	15,082,000	6,719,000	11,580,000
Interest during Program implementation		3,503,000						
Total		63,259,000						

SCHEDULE 4

Execution of Program

Implementation Arrangements

1. The Borrower shall, or shall cause ATDF to, ensure that the Program is implemented in accordance with the detailed arrangements set forth in the PID. Any subsequent change to the PID shall become effective only after consultation and agreement of such change by the Borrower and ADB. In the event of any discrepancy between the PID and this Loan Agreement, the provisions of this Loan Agreement shall prevail.

2. (a) The Borrower shall ensure, or cause ATDF to ensure, that grievances if any from stakeholders, relating to the Program implementation or use of funds are addressed effectively and efficiently.

(b) The Borrower shall ensure that ATDF complies with all the requirements and obligations in its part as included in this Loan Agreement to meet the objectives of the Program in a timely and efficient manner.

DLI Actions and Dialogue

3. The Borrower shall ensure that all DLIs under the Program, as set forth in the DLI Matrix, that have been achieved under the Program shall continue to be complied with for the duration of the SSRP.

4. The Borrower shall ensure that sufficient funds are available for maintenance of the schools strengthened or reconstructed under the Program for the lifetime of those Program facilities in accordance with sound operational and maintenance practices.

5. The Borrower shall keep ADB informed of policy discussions with other multilateral and bilateral aid agencies that may have implications for the implementation of SSRP and shall provide ADB with an opportunity to comment on any resulting policy proposals. The Borrower shall give due consideration to ADB's views before finalizing and implementing any such proposal.

Program Actions

6. The Borrower will ensure that all Program Actions, including the ones relating to technical, financial management, procurement, monitoring and evaluation, safeguard, gender and social development aspects, are implemented in a timely and efficient manner.

Procurement

7. The Borrower shall ensure, or cause ATDF to ensure, that the Program includes no activities which involve (a) procurement of works, turnkey, supply or installation contracts estimated to cost \$25,000,000 equivalent or more per contract; (b) procurement of goods contracts estimated to cost \$15,000,000 equivalent or more per contract; (c) information technology or non-consulting services contracts estimated to cost \$10,000,000

equivalent or more per contract; and (d) consultants' services contracts estimated to cost \$7,500,000 equivalent or more per contract.

Safeguards

8. (a) The Borrower shall ensure, or cause ATDF to ensure, that construction works under the Program do not involve significant adverse environmental impacts which may be classified as category A under the SPS.

(b) Prior to commencing any strengthening or reconstruction works in connection with the Program, the Borrower shall conduct, or cause ATDF to conduct, a screening to ensure that any activities which would fall under ADB category "A" in Environment (as defined in SPS 2009) will be excluded from the Program.

9. The Borrower shall ensure, or cause ATDF to ensure, that the Program does not involve any involuntary resettlement or indigenous people risks or impacts within the meaning of the SPS.

Environment

10. The Borrower shall ensure, or cause ATDF to ensure, that the preparation, design, construction, implementation, operation and decommissioning of all activities under the Program comply with (a) all applicable laws, regulations and guidelines of the Borrower relating to environment, health and safety; (b) the Environmental Safeguards; and (c) all measures and requirements, including monitoring requirements set forth in an environmental management plan and initial environmental examination.

Governance and Anticorruption

11. (a) The Borrower shall ensure, or cause ATDF to ensure, that the Program complies with the provisions of the Anticorruption Guidelines and shall take all appropriate and timely measures to prevent, detect and respond to allegations of fraud, corruption, or any other prohibited activities in accordance with the Anticorruption Guidelines.

(b) The Borrower shall, or shall cause ATDF to, promptly inform ADB of any allegations of fraud, corruption, or any other prohibited activities relating to the Program.

(c) The Borrower shall ensure, or cause ATDF to ensure, that persons or entities debarred or suspended by ADB are not awarded contracts under the Program during the period of such debarment or suspension.

12. The Borrower shall, and shall cause ATDF to, cooperate fully with any investigation by ADB relating to allegations of fraud, corruption, or any other prohibited activities and extend all necessary assistance, including providing access to all relevant books and records, for satisfactory completion of such investigation.

13. Within 90 days of the Effective Date, the Borrower shall cause ATDF to update its website to (a) provide information on bidding procedures, bidders, contract awards, and physical progress of the Program; (b) post the annual audited financial

statements for Program, as such audited financial statements become available; and (c) disseminate other relevant information on the implementation of the Program.