
LOAN NUMBER 3565-PRC

LOAN AGREEMENT
(Ordinary Operations)

(Guangxi Modern Technical and Vocational Education and Training Development Program –
Results-Based Lending)

between

PEOPLE'S REPUBLIC OF CHINA

and

ASIAN DEVELOPMENT BANK

DATED 14 December 2017

PRC 49308

**LOAN AGREEMENT
(Ordinary Operations)**

LOAN AGREEMENT dated 14 December 2017 between PEOPLE'S REPUBLIC OF CHINA ("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 Borrower has also applied to KfW for a loan for the purposes of the Program;

(C) the Program will be carried out by Guangxi Zhuang Autonomous Region Government ("GZARG"), and for this purpose the Borrower shall make available to GZARG the proceeds of the loan provided for herein upon terms and conditions acceptable to ADB; and

(D) ADB has agreed to make a loan to the Borrower from ADB's ordinary capital resources upon the terms and conditions set forth herein and in the Program Agreement of even date herewith between ADB and GZARG;

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

Loan Regulations; Definitions

Section 1.01. All the provisions of ADB's Ordinary Operations 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(tt) is deleted and the following is substituted therefor:

The term "Program" means the program for which ADB has agreed to make the Loan, as described in the Loan Agreement and as such description may be amended from time to time by agreement between ADB and the Borrower.

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

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

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

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

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) "Anticorruption Guidelines" means ADB's Guidelines to Prevent or Mitigate Fraud, Corruption and Other Prohibited Activities in Results-Based Lending for Programs as set forth in Appendix 7 to ADB's policy on Piloting Results-Based Lending for Programs (2013);
- (b) "Deposit Account" means the account referred to in paragraph 2 of Schedule 3 to this Loan Agreement;
- (c) "DLI" means each disbursement-linked indicator as set forth in the DLI Matrix;
- (d) "DLI Matrix" means the DLI matrix for the Program as set forth in Attachment 2 of Schedule 3 to this Loan Agreement, as updated from time to time by the Borrower and ADB;
- (e) "DLI Verification Protocol" means the protocol for verifying the Borrower's achievement of each DLI, as set forth in the PID;
- (f) "Eligible Expenditures" means the eligible expenditures referred to in paragraph 2 of Schedule 4 to this Loan Agreement;
- (g) "Environmental Safeguards" means the objectives and policy principles set forth in Chapter V, Appendix 1, and Appendix 4 (as applicable) of the SPS;
- (h) "Fiscal Year" means the fiscal year of the Borrower, which runs from 1 January to 31 December of each year;
- (i) "GED" means Guangxi Education Department;
- (j) "GZAR" means the Guangxi Zhuang Autonomous Region;
- (k) "GZARG" means the government of Guangxi Zhuang Autonomous Region;

- (l) "High-Value Contracts" means: (i) procurement of works, turnkey and supply and installation contracts that cost \$50 million equivalent or more per contract; (ii) procurement of goods contracts that cost \$30 million equivalent or more per contract; (iii) information technology or non-consulting services contracts that cost \$20 million equivalent or more per contract; and/or (iv) consulting services contracts that cost \$15 million equivalent or more per contract;
- (m) "Indigenous Peoples Safeguards" means the objectives and policy principles set forth in Chapter V, Appendix 3, and Appendix 4 (as applicable) of the SPS;
- (n) "Involuntary Resettlement Safeguards" means the objectives and policy principles set forth in Chapter V, Appendix 2, and Appendix 4 (as applicable) of the SPS;
- (o) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2017, as amended from time to time);
- (p) "PID" means the program implementation document for the Program dated 29 August 2017, as updated from time to time by the Borrower and ADB;
- (q) "Program Action Plan" means the action plan for the Program dated 29 August 2017, as updated from time to time by the Borrower and ADB;
- (r) "Program Actions" means the actions set out in the Program Action Plan;
- (s) "Program Completion Date" means the date set out in paragraph 4 of Schedule 1 to this Loan Agreement, or such other date as the Borrower and ADB may agree;
- (t) "Program Executing Agency" for the purpose of, and within the meaning of, the Loan Regulations means GZARG or any successor thereto acceptable to ADB, which is responsible for carrying out the Program;
- (u) "Program Implementing Agency" means GED;
- (v) "SPS" means ADB's Safeguard Policy Statement (2009);
- (w) "TVET" means technical and vocational education and training; and
- (x) "Table" means the table on the allocation and withdrawal of Loan proceeds set forth in Attachment 1 of Schedule 3 to this Loan Agreement.

ARTICLE II

The Loan

Section 2.01. (a) ADB agrees to lend to the Borrower from ADB's ordinary capital resources an amount of two hundred fifty million Dollars (\$250,000,000) as such amounts may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.06 of this Loan Agreement.

(b) The Loan has a principal repayment period of 21 years, and a grace period as defined in subsection (c) hereinafter.

(c) The term "grace period" as used in subsection (b) 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 interest on the principal amount of the Loan withdrawn and outstanding from time to time at a rate for each Interest Period equal to the sum of:

- (a) LIBOR;
- (b) 0.60% as provided by Section 3.02 of the Loan Regulations less a credit of 0.10% as provided by Section 3.03 of the Loan Regulations; and
- (c) a maturity premium of 0.10% as provided by Section 3.03 of the Loan Regulations.

Section 2.03. The Borrower shall pay a commitment charge of 0.15% per annum. Such charge shall accrue on the full amount of the Loan (less amounts withdrawn from time to time), commencing 60 days after the date of this Loan Agreement.

Section 2.04. Interest and other charges on the Loan shall be payable semiannually on 1 December and 1 June in each year.

Section 2.05. The Borrower shall repay the principal amount of the Loan withdrawn from the Loan Account in accordance with the provisions of Schedule 2 to this Loan Agreement.

Section 2.06. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management:

- (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, whether withdrawn and outstanding or unwithdrawn, to an Approved Currency;
- (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding from a Floating Rate to a Fixed Rate, or vice versa; and

- (iii) the setting of limits on the Floating Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on said Floating Rate.

(b) Any conversion requested pursuant to subsection (a) hereinabove that is accepted by ADB shall be considered a "Conversion", as defined in Section 2.01(f) of the Loan Regulations, and shall be effected in accordance with the provisions of Article V of the Loan Regulations and the Conversion Guidelines.

ARTICLE III

Use of Proceeds of the Loan

Section 3.01. The Borrower shall (a) make the proceeds of the Loan available to GZARG upon terms and conditions acceptable to ADB; (b) cause GZARG to apply the proceeds of the Loan to the financing of expenditures of the Program in accordance with the provisions of this Loan Agreement and the Program Agreement; and (c) ensure that the proceeds of the Loan are applied to financing of expenditures of the Program in accordance with the provisions of this Loan Agreement and in accordance with generally accepted principles of economy, efficiency, transparency and accountability.

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. The Loan Closing Date for the purposes of Section 9.02 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. (a) The Borrower, through GZARG, shall cause the Program to be carried out with due diligence and efficiency and in conformity with sound applicable technical, financial, business and development practices.

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

Section 4.02. The Borrower shall make available, promptly as needed and on terms and conditions acceptable to ADB, the funds, facilities, services and other resources, as required, in addition to the proceeds of the Loan, for the carrying out of the Program.

Section 4.03. The Borrower shall ensure and shall cause GZARG to ensure that the activities of their departments and agencies with respect to the carrying out of the Program are conducted and coordinated in accordance with sound administrative policies and procedures.

Section 4.04. (a) ADB and the Borrower shall cooperate fully to ensure that the purposes of the Loan will 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 4.05. The Borrower shall take all actions which shall be necessary on its part to enable GZARG to perform its obligations under the Program Agreement, and shall not take or permit any action which would interfere with the performance of such obligations.

Section 4.06. The Borrower shall enable ADB's representatives to inspect the Program 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 10.04 of the Loan Regulations.

ARTICLE VI

Miscellaneous

Section 6.01. The Minister of Finance or a Vice Minister of Finance of the Borrower are each designated as representatives of the Borrower for the purposes of Section 12.02 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

Ministry of Finance
Sanlihe, Xicheng
District Beijing 100820
People's Republic of China

Facsimile Number:

(8610) 6855-2061

For ADB

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

Facsimile Numbers:

(632) 636-2444
(632) 636-2407.

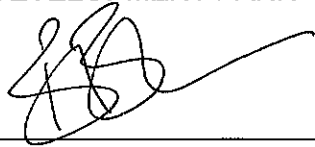
IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their respective names as of the day and year first above written and to be delivered at the principal office of ADB.

PEOPLE'S REPUBLIC OF CHINA

By 

LIU WEIHUA
Authorized Signatory

ASIAN DEVELOPMENT BANK

By 

BENEDICT BINGHAM
Authorized Signatory

SCHEDULE 1

Description of the Program

1. The objective of the Program is to support the implementation of the GZAR Modern TVET System Development Plan to establish a TVET system that provides graduates better employment opportunities in GZAR's industries.

2. The Program shall comprise:

Output 1: Industry relevance of TVET enhanced. The Program will provide support for industry steering committees to improve TVET provision based on industry needs. It will also support, on a pilot basis, new methods of engaging industries in the process of defining competencies and developing curricula, training materials and methods, and assessments to increase courses of study being offered using a competency-based training approach. The Program will further assist the enhancement of practical training facilities in GZAR's priority industries, in cooperation with enterprises. Modern apprenticeship programs currently being piloted by three tertiary TVET colleges will be scaled up. As a mechanism for promoting partnerships between TVET institutions, enterprises, and industries, TVET groups, comprising TVET institutions which offer similar courses of study in an industry, enterprises operating in the industry, and research institutes, will be strengthened.

Output 2: Quality of TVET improved. The Program will support TVET institutions to undertake self-improvement projects to meet comprehensive provincial standards for model TVET institutions. The provincial standards cover teaching and learning environment and materials, practical training facilities, teachers, relevance and quality of course offerings, and employment outcomes. The Program will also improve student-teacher ratios by recruiting more teachers and providing opportunities for training. It will support the introduction of a new policy and framework to increase full-time teachers in technical fields with industry experience. The Program will improve monitoring and reporting of TVET institutions, following both the national and provincial guidelines for improved monitoring and reporting and based on the Ministry of Education's information system.

Output 3: Inclusiveness of TVET increased. The Program will increase student retention rates through improvements in the quality and relevance of TVET. In addition to central government and GZARG poverty alleviation programs, TVET students from poor families who receive financial assistance will be provided with other types of support (e.g., counseling, career guidance, employment services) to assist them to complete TVET programs and find employment or self-employment after graduation. The Program will also support the establishment of TVET bases to promote and preserve ethnic culture and inheritance and promote innovation in ethnic culture-related businesses.

Output 4: Role of TVET in regional economic development expanded.

The Program will support regional cooperation and integration in TVET between GZAR and ASEAN countries by promoting partnership agreements for long-term cooperation between TVET institutions in GZAR and ASEAN countries and increasing the number of participants in cross-border training programs, including training programs established in partnerships between TVET institutions and enterprises in GZAR and ASEAN countries. It will also increase the number of students from ASEAN countries who received vocational education certificates from TVET institutions in GZAR.

3. The Program excludes any activities under the GZAR Modern TVET System Development Plan that would be categorized as "Category A" for any category under the SPS.
4. The Program is expected to be completed by 31 December 2022.

SCHEDULE 2**Amortization Schedule**

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (Installment Share). If the proceeds of the Loan shall have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by ADB by multiplying: (a) the total principal amount of the Loan withdrawn and outstanding as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayment amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

Date Payment Due	Installment Share (Expressed as a %)
1 December 2022	2.380952
1 June 2023	2.380952
1 December 2023	2.380952
1 June 2024	2.380952
1 December 2024	2.380952
1 June 2025	2.380952
1 December 2025	2.380952
1 June 2026	2.380952
1 December 2026	2.380952
1 June 2027	2.380952
1 December 2027	2.380952
1 June 2028	2.380952
1 December 2028	2.380952
1 June 2029	2.380952
1 December 2029	2.380952
1 June 2030	2.380952
1 December 2030	2.380952
1 June 2031	2.380952
1 December 2031	2.380952
1 June 2032	2.380952
1 December 2032	2.380952
1 June 2033	2.380952
1 December 2033	2.380952
1 June 2034	2.380952
1 December 2034	2.380952
1 June 2035	2.380952
1 December 2035	2.380952
1 June 2036	2.380952
1 December 2036	2.380952
1 June 2037	2.380952
1 December 2037	2.380952

Date Payment Due	Installment Share (Expressed as a %)
1 June 2038	2.380952
1 December 2038	2.380952
1 June 2039	2.380952
1 December 2039	2.380952
1 June 2040	2.380952
1 December 2040	2.380952
1 June 2041	2.380952
1 December 2041	2.380952
1 June 2042	2.380952
1 December 2042	2.380952
1 June 2043	2.380968
Total	100.000000

2. If the proceeds of the Loan shall not have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:

- (a) to the extent that any proceeds of the Loan shall have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the amount withdrawn and outstanding as of such date in accordance with paragraph 1 of this Schedule; and
- (b) any withdrawal made after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by ADB by multiplying the amount of each such withdrawal by a fraction, the numerator of which shall be the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (the Original Installment Share) and the denominator of which shall be the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such repayment amounts to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. Withdrawals made within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the withdrawn principal amount of the Loan to an Approved Currency, the amount so converted in said Approved Currency that shall

be repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by ADB by multiplying such amount in its currency of denomination immediately prior to said Conversion by either: (i) the exchange rate that reflects the amounts of principal in said Approved Currency payable by ADB under the Currency Hedge Transaction relating to said Conversion; or (ii) if ADB so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

5. If the principal amount of the Loan withdrawn and outstanding from time to time shall be denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

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

1. Except as set out in this Schedule or as ADB may otherwise agree, the Loan proceeds shall be disbursed in accordance with the Loan Disbursement Handbook.

Deposit Account

2. Prior to submitting the first application to ADB for withdrawal from the Loan Account, the Borrower shall cause GZARG acting through Guangxi Finance Department to establish an account at a bank as the Deposit Account for the Program into which all withdrawals from the Loan Account shall be deposited.

3. The Borrower shall cause GZARG to maintain separate records in respect of the Deposit Account in accordance with accounting principles acceptable to ADB.

Basis for Withdrawal from the Loan Account

4. (a) The Table sets out the Loan amounts allocated for withdrawal in respect of a DLI upon the Borrower's achievement, through GZARG, of the corresponding DLI targets as set out in the DLI Matrix. The years set out in the Table are indicative. They do not restrict withdrawal on account of any DLI targets achieved whether ahead of, or later than, the indicated year, provided that such DLI targets are achieved on or before the Program Completion Date.

(b) ADB may, in consultation with the Borrower, reallocate the Loan amounts set out in the Table within the same DLI or from one DLI to any other DLI.

5. Prior to submitting any application for withdrawal from the Loan Account in respect of a DLI, the Borrower shall, through GZARG, submit to ADB in accordance with the DLI Verification Protocol satisfactory evidence showing that: (a) such DLI has been fully achieved; or (b) for a DLI for which partial disbursement is allowed (as specified in the DLI Matrix), such DLI has been achieved to the extent required for partial disbursement under the DLI Verification Protocol. Upon ADB's confirmation that the DLI has been achieved in full or, where relevant, in part, the Borrower may submit to ADB an application for withdrawal of the corresponding Loan amount for such DLI.

Advance Financing and Financing for Prior Results

6. (a) Prior to the achievement of the DLIs, the Borrower may withdraw from the Loan Account an advance financing amount for the purposes of meeting the Program's financing requirements and supporting the achievement of such DLIs, provided that the outstanding advance financing amount shall not, at any time, exceed 25% of the Loan amount. ADB shall deduct the outstanding advance financing amount, or any portion thereof, from the Loan proceeds to be disbursed upon achievement of the DLIs.

(b) The Borrower may withdraw from the Loan Account for DLIs achieved prior to the Effective Date but not earlier than 12 months before the date of this Loan Agreement, provided that the aggregate of such withdrawals for prior results shall not exceed 20% of the Loan amount.

(c) The aggregate of the outstanding advance financing amount and the amount withdrawn for financing for prior results under subparagraphs (a) and (b) hereinabove shall not, at any time, exceed 30% of the Loan amount.

Reconciliation

7. If any DLI has not been achieved by the Program Completion Date, the Borrower shall, within 6 months of the Program Completion Date, provide a refund to ADB for any outstanding advance financing amount or part thereof for such DLI.

8. If the total Eligible Expenditures amount to less than the Loan amount withdrawn by the Borrower, the Borrower shall provide a refund to ADB for an amount equal to the extent of the shortfall within 6 months of the Program Completion Date.

TABLE

Allocation and Withdrawal of Loan Proceeds (Guangxi Modern Technical and Vocational Education and Training Development Program – Results-Based Lending) (\$ million)									
Disbursement-Linked Indicators	Total ADB Financing Allocation	Share of Total ADB Financing (%)	Financing for Prior Results	2018	2019	2020	2021	2022	
Outcome									
DLI 1	40.0	16.0				20.0		20.0	
Outputs									
DLI 2	20.0	8.0	5.0		5.0	5.0	5.0		
DLI 3	22.5	9.0	3.5	7.0	5.0	5.0	2.0		
DLI 4	47.5	19.0	7.5	22.5	12.5	5.0			
DLI 5	40.0	16.0		7.0		20.0	13.0		
DLI 6	37.5	15.0		10.5	15.0	8.0	4.0		
DLI 7	22.5	9.0	4.5		9.0	9.0			
DLI 8	20.0	8.0	3.0	7.0	6.0	4.0			
Total	250.0	100.0	23.5	54.0	52.5	76.0	24.0	20.0	

DLI MATRIX

Guangxi Modern Technical and Vocational Education and Training Development Program – Results-Based Lending

Disbursement-Linked Indicators

DLIs*	Baseline Value and Year	Prior Results (2017)	Target Values			
			2018	2019	2020	2021
Outcome: TVET system that provides graduates with better employment opportunities in GZAR's industries established						
DLI 1: TVET graduates who entered stable employment increased	49% of TVET graduates stayed in the first job for more than 6 months by end 2016				52% of TVET graduates stayed in the first job for more than 6 months	54% of TVET graduates stayed in the first job for more than 6 months
Output: Industry relevance of TVET enhanced						
DLI 2: TVET provision based on industry needs improved	No concrete steps and/or plans to align TVET provision with industry needs available by end 2015	Terms of reference for 15 industry steering committees approved		Industry advisory plans in 8 industries implemented	Industry advisory plans in 12 industries implemented	Industry advisory plans in 16 industries implemented
DLI 3: Competency-based approach in TVET piloted	Industry-validated job profiles not available by end 2016	24 courses of study, within 8 host TVET institutions, selected for piloting competency-based training		12 courses of study being offered using competency-based training approach	24 courses of study being offered using competency-based training approach	GED report evaluating the pilot projects completed
DLI 4: Practical training facilities established in priority industries	No practical training facility in priority industries	60 practical training facilities established in	166 practical training facilities established in enterprises	275 practical training facilities established in	380 practical training facilities established in cooperation with enterprises	

DLIs ^a	Baseline Value and Year	Prior Results (2017)	Target Values				
			2018	2019	2020	2021	2022
	established in cooperation with enterprises by end 2016	cooperation with enterprises		cooperation with enterprises			
Output: Quality of TVET improved							
DLI 5: Model TVET institutions established	No model TVET institutions by end 2015		Provincial standards for model TVET institutions approved		24 TVET institutions meeting provincial standards for model TVET institutions	36 TVET institutions meeting provincial standards for model TVET institutions	
DLI 6: TVET teachers with industry experience increased	No framework for industry experience of technical teachers in place by end 2015		Policy and assessment framework for industry experience of technical teachers adopted	55% of technical teachers certified with industry experience against the framework	85% of technical teachers certified with industry experience against the framework	100% of technical teachers certified with industry experience against the framework	
DLI 7: TVET delivery informed by stronger management information	Provincial guidelines for improved monitoring and reporting not in place by end 2016	Provincial guidelines for improved monitoring and reporting of secondary TVET schools issued	10 TVET institutions meeting provincial guidelines for monitoring and reporting		55 TVET institutions meeting provincial guidelines for monitoring and reporting		
Output: Role of TVET in regional economic development expanded							
DLI 8: Contribution of TVET to promote regional cooperation and integration enhanced	Scope of regional cooperation partnership defined in	At least 5 TVET institutions in GZAR selected as	Partnership agreements for long-term cooperation established between the selected TVET	Participants in partnership training and cross-border training	Participants in partnership training and cross-border training programs between selected		

DLLs ^a	Baseline Value and Year	Prior Results (2017)	Target Values				
			2018	2019	2020	2021	2022
	consultation with relevant institutions in 2017	partner of ASEAN TVET institutions and/or enterprises and plans for regional cooperation outlined	institutions in GZAR and ASEAN TVET institutions and/or enterprises	programs between selected TVET institutions in GZAR and ASEAN TVET institutions and/or enterprises in 2018 increased over 2017 baseline by 10%	TVET institutions in GZAR and ASEAN TVET institutions and/or enterprises in 2019 increased over 2018 number by at least 10%		

^a Definitions of certain terms used in this table are in the Verification Protocols in the PID.

* Partial disbursement permitted in some years as specified in the Verification Protocols in the PID.

SCHEDULE 4

Execution of Program

Implementation Arrangements

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

2. The Borrower shall ensure that the amount of Eligible Expenditures under the Program for any Fiscal Year is equal to or exceeds the Loan proceeds withdrawn by the Borrower in the same Fiscal Year. "Eligible Expenditures" means part of the expenditures incurred under the GZAR Modern TVET System Development Plan, excluding any expenditures for (a) procurement of works, goods and services from countries which are not members of ADB; (b) procurement of goods, works, and services from persons or entities debarred or suspended by ADB; (c) procurement involving High-Value Contracts; (d) any activities which are classified as category A for environmental impact under the SPS; and (e) any activities which are prohibited investment activities provided in Appendix 5 of the SPS.

DLI Compliance and Program Dialogue

3. The Borrower shall ensure that all DLIs achieved under the Program continue to be complied with for the duration of the Program.

4. The Borrower shall keep ADB informed of discussions with other multilateral or bilateral aid agencies that may have implications for the implementation of the GZAR Modern TVET System Development Plan and the Program and shall provide ADB with an opportunity to comment on any resulting proposals. The Borrower shall give due consideration to ADB's views before finalizing and implementing any such proposal.

Procurement

5. The Borrower shall ensure, and cause GZARG to ensure, that each contract under the Program is awarded on the basis of the Program's procurement system, having due regard for principles of competition, economy and efficiency, transparency, and fairness and equal opportunity.

Governance and Anticorruption

6. The Borrower shall ensure, and cause GZARG to ensure, that the Program complies with the Anticorruption Guidelines and that all appropriate and timely measures are taken to prevent, detect and respond to allegations of fraud, corruption or any other prohibited activities relating to the Program in accordance with the Anticorruption Guidelines

7. The Borrower shall and shall cause GZARG to (a) promptly inform ADB of any allegations of fraud, corruption or any other prohibited activities relating to the Program; and (b) cooperate fully with any investigation by ADB on such allegations and extend all necessary assistance, including providing access to all relevant records, for satisfactory completion of such investigation.