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LOAN NUMBER 4269-NEP(COL)

LOAN AGREEMENT  
(Ordinary Operations [Concessional])  
(Supporting the School Education Sector Plan)

between

NEPAL

and

ASIAN DEVELOPMENT BANK

DATED 27 DECEMBER 2022

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NEP 49424

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

LOAN AGREEMENT dated 27 December 2022 between NEPAL ("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 Education, Science and Technology ("MOEST"), and for this purpose the Borrower will make available to MOEST the proceeds of the Loan provided for herein the terms and conditions satisfactory to ADB; and

(C) ADB has agreed to make a concessional loan to the Borrower from ADB's ordinary capital resources upon the terms and conditions set forth herein;

NOW THEREFORE the parties agree as follows:

**ARTICLE I**

**Loan Regulations; Definitions**

Section 1.01. All the provisions of ADB's Ordinary Operations (Concessional) Loan Regulations, dated 1 January 2022 ("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(v) is deleted and the following is substituted therefor:

"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(x) is deleted and the following is substituted therefor:

"Program Executing Agency" means the entity 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 Annex 3 to the PID;
- (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 of the SPS;
- (h) "Fiscal Year" means the fiscal year of the Borrower, which normally runs from 16 July to 15 July of each year;
- (i) "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 nonconsulting services contracts that cost \$20 million equivalent or more per contract, and (iv) consulting services contracts that cost \$15 million equivalent or more per contract;
- (j) "Implementing Agencies" means the Center for Education and Human Resource Development or any successor thereto, all provincial ministries responsible for education, and all local governments of the Borrower;
- (k) "Indigenous Peoples Safeguards" means the objectives and policy principles set forth in Chapter V of the SPS;

- (l) "Involuntary Resettlement Safeguards" means the objectives and policy principles set forth in Chapter V of the SPS;
- (m) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2022, as amended from time to time);
- (n) "MOEST" means the Borrower's Ministry of Education, Science and Technology or any successor thereto;
- (o) "PID" means the program implementation document for the Program dated 31 October 2022, as updated from time to time by the Borrower and ADB;
- (p) "Program Action Plan" means the action plan for the Program dated 31 October 2022, as updated from time to time by the Borrower and ADB;
- (q) "Program Actions" means the actions set out in the Program Action Plan;
- (r) "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;
- (s) "Program Executing Agency" for the purposes of, and within the meaning of, the Loan Regulations means MOEST or any successor thereto acceptable to ADB, which is responsible for the carrying out of the Program;
- (t) "SESP" means the Borrower's School Education Sector Plan, which is supported by the Program;
- (u) "SPS" means ADB's Safeguard Policy Statement (2009); and
- (v) "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 million Dollars (\$200,000,000).

(b) The Loan has a principal repayment period of 24 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 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.

Section 2.03. The interest charge and any other charge on the Loan shall be payable semiannually on 1 June and 1 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.

### **ARTICLE III**

#### **Use of Proceeds of the Loan**

Section 3.01. The Borrower shall apply the proceeds of the Loan to the financing of expenditures on the Program in accordance with the provisions of this Loan Agreement.

Section 3.02. The proceeds of the Loan 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 8.02 of the Loan Regulations shall be 31 July 2028 or such other date as may from time to time be agreed between the Borrower and ADB.

### **ARTICLE IV**

#### **Particular Covenants**

Section 4.01. In the carrying out of the Program, the Borrower shall perform, or cause to be performed, all obligations set forth in Schedule 4 to this Loan Agreement.

Section 4.02. (a) The Borrower shall (i) maintain separate accounts and records for the Program; (ii) prepare annual financial statements for the Program in accordance with financial reporting standards acceptable to ADB; (iii) have such financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with auditing standards acceptable to ADB; (iv) as part of each such audit, have the auditors prepare a report, which includes the

auditors' opinion(s) on the financial statements and the use of the Loan proceeds, and a management letter (which sets out the deficiencies in the internal control of the Program that were identified in the course of the audit, if any); and (v) furnish to ADB, no later than 9 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 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 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 4.03. 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 (a) semiannual reports on the implementation of the Program, including the accomplishment of the DLIs, the carrying out of the Program Actions and the Eligible Expenditures; and (b) as ADB shall reasonably request, additional information in connection with the reports described in subsection (a) hereinabove and other information on Program implementation.

Section 4.04. 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 9.04 of the Loan Regulations.

**ARTICLE VI**

**Miscellaneous**

Section 6.01. The Secretary or Joint Secretary (International Economic Cooperation Coordination Division) of the Ministry of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.02 of the Loan Regulations.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the Loan Regulations:

For the Borrower

Ministry of Finance  
Singha Durbar  
Kathmandu, Nepal

Facsimile Number:

(977) 1 421-1665

For ADB

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

Facsimile Numbers:

(632) 8636-2444  
(632) 8636-2340.

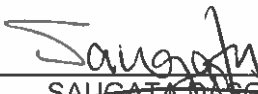
IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their respective names as of the day and year first above written and to be delivered at the principal office of ADB.

NEPAL



By   
ISHWORI PRASAD ARYAL  
Joint Secretary  
Ministry of Finance

ASIAN DEVELOPMENT BANK

By   
SAUGATA DASGUPTA  
Officer-in-Charge  
Nepal Resident Mission



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

1. The objective of the Program is to support SESP's implementation from 2022 to 2028 to strengthen equity, quality, and resilience of the school education in Nepal.

2. The Program shall comprise:

Part 1: Enhancing learning provisions for basic and secondary schools. This includes:

- (i) providing and upgrading of high quality inclusive learning facilities for science subjects in grades 11-12;
- (ii) revision of pro-poor scholarship scheme for enhanced equal opportunity to students in grade 6-12; and
- (iii) improving of enrolment of students with disabilities.

Part 2: Strengthening teaching and learning in basic and secondary schools. This includes:

- (i) increased placement of qualified science, mathematics, and English teachers in schools for grades 6-10;
- (ii) provision of additional resource materials, teacher guide and teacher training for effective implementation of new curriculum for grade 1-3 for improved foundational competencies in reading and numeracy;
- (iii) pilot-testing of school-based teacher professional development support program through mentorship in about 200 local governments; and
- (iv) strengthening of examination system in grade 8 and 12.

Part 3: Accelerating learning recovery. This includes:

- (i) implementation of learning loss recovery activities; and
- (ii) improvement of accessibility, relevancy, and quality of e-resources in the online learning portal established during the pandemic.

Part 4: Improvement of local government education planning, monitoring and reporting. This includes:

- (i) strengthening of local government's capacity in developing periodic education plans;

- (ii) improvement of financial and physical reporting system of the local governments;
- (iii) coordination with the relevant federal ministry and development partners for operationalized internal control system of the local governments;
- (iv) improvement of the quality of social audit using school report card; and
- (v) revising of the federal conditional education grant for enhanced flexibility and fitness to the needs of the local government and school.

3. The Program is expected to be completed by 31 July 2028.

## SCHEDULE 2

### Amortization Schedule

<u>Payment Due</u>	<u>Payment of Principal</u> (expressed in Dollars)*
1 June 2031	4,166,667
1 December 2031	4,166,667
1 June 2032	4,166,667
1 December 2032	4,166,667
1 June 2033	4,166,667
1 December 2033	4,166,667
1 June 2034	4,166,667
1 December 2034	4,166,667
1 June 2035	4,166,667
1 December 2035	4,166,667
1 June 2036	4,166,667
1 December 2036	4,166,667
1 June 2037	4,166,667
1 December 2037	4,166,667
1 June 2038	4,166,667
1 December 2038	4,166,667
1 June 2039	4,166,667
1 December 2039	4,166,667
1 June 2040	4,166,667
1 December 2040	4,166,667
1 June 2041	4,166,667
1 December 2041	4,166,667
1 June 2042	4,166,667
1 December 2042	4,166,667
1 June 2043	4,166,667
1 December 2043	4,166,667
1 June 2044	4,166,667
1 December 2044	4,166,667
1 June 2045	4,166,667
1 December 2045	4,166,667
1 June 2046	4,166,667
1 December 2046	4,166,667
1 June 2047	4,166,667
1 December 2047	4,166,667
1 June 2048	4,166,667
1 December 2048	4,166,667
1 June 2049	4,166,667
1 December 2049	4,166,667
1 June 2050	4,166,667
1 December 2050	4,166,667
1 June 2051	4,166,667
1 December 2051	4,166,667
1 June 2052	4,166,667

<u>Payment Due</u>	<u>Payment of Principal</u> (expressed in Dollars)*
1 December 2052	4,166,667
1 June 2053	4,166,667
1 December 2053	4,166,667
1 June 2054	4,166,667
1 December 2054	4,166,651
<b>Total</b>	<b>200,000,000</b>

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

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

1. 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 nominate an account at Nepal Rastra Bank as the Deposit Account for the Program into which all withdrawals from the Loan Account shall be deposited.

3. The Borrower shall 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 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 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 in part, the Borrower may submit to ADB an application for withdrawal of the corresponding Loan amount for such DLI.

Financing for Prior Results

6. 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.

Reconciliation

7. 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 (\$ million)							
Disbursement-Linked Indicators (DLI)	Total ADB Financing Allocation	Financing for Prior Results	2023	2024	2025	2026	2027
DLI 1	20			7		7	6
DLI 2	25		(i) 4 (ii) 1	(i) 4 (ii) 1	(i) 4	(i) 4	(i) 4 (ii) 3
DLI 3	20	4	5	5			6
DLI 4	17			5	4	4	4
DLI 5	20		4	4	4	4	4
DLI 6	20		4	4	4	4	4
DLI 7	18		(i) 3 (ii) 2	(i) 3	(ii) 2	(i) 3	(i) 3 (ii) 2
DLI 8	12	4	4	4			
DLI 9	16		(i) 2		(i) 2 (ii) 2	(i) 3 (ii) 3	(i) 2 (ii) 2
DLI 10	32	4	(i) 3 (ii) 3	(i) 3 (iii) 3	(i) 5	(i) 3 (ii) 3	(iii)5
<b>TOTAL</b>	<b>200</b>	<b>12</b>	<b>35</b>	<b>43</b>	<b>27</b>	<b>38</b>	<b>45</b>

DLJ MATRIX

Disbursement-Linked Indicators (DLI)	Baseline and Year	Prior results (2022)	2023 (Year 1)	2024 (Year 2)	2025 (Year 3)	2026 (Year 4)	2027 (Year 5)
DLI 1: Inequities in access to basic and secondary education decreased	(i) Proportion (share) of students enrolled in science in grade 11–12 in total enrollment is 16.90% (boys) and 10.90% (girls) (FY2022)  (ii) Proportion (share) of students with disabilities in total enrollment is 0.52% (FY2022)			Proportion (share) of male and female students enrolled in science in Grade 11–12 in total enrollment reaches at least 18% boys and 12% girls		Proportion (share) of male and female students enrolled in science in Grade 11 and 12 in total enrollment reaches at least 20 % boys and 14% girls	Proportion (share) of students with disabilities in total enrollment in basic education reaches at least 1.0%
DLI 2: Improved proficiency in reading and numeracy of grade 3 students	(i) New Intervention: New curriculum for grade 1–3 using integrated approach approved (FY2020)  (ii) New Intervention: Framework for NARN not updated.		(i) At least 100 Local Governments implement activities to improve foundational proficiency in reading and numeracy as per the integrated approach of the curriculum basic level 1–3 in at least 80% of the schools	(i) At least additional 200 Local Governments implement activities to improve foundational proficiency in reading and numeracy as per the integrated approach of the curriculum basic level 1–3 in at least 80% of the schools  (ii) NARN conducted and baseline in reading and numeracy proficiency established with disaggregation by gender, students with	(i) At least additional 200 Local Governments implement activities to improve foundational proficiency in reading and numeracy as per the integrated approach of the curriculum basic level 1–3 in at least 80% of the schools	(i) At least additional 100 Local Governments implement activities to improve foundational proficiency in reading and numeracy as per the integrated approach of the curriculum basic level 1–3 in at least 80% of the schools  (ii) NARN conducted and three percentage point improvement over Year 2 for total	(i) At least additional 153 Local Governments implement activities to improve foundational proficiency in reading and numeracy as per the integrated approach of the curriculum basic level 1–3 in at least 80% of the schools  (ii) NARN conducted and three percentage point improvement over Year 2 for total

## Attachment 2 to Schedule 3

Disbursement-Linked Indicators (DLI)	Baseline and Year	Prior results (2022)	2023 (Year 1)	2024 (Year 2)	2025 (Year 3)	2026 (Year 4)	2027 (Year 5)
DLI 3: Improved facilities for equitable development of secondary schools for science education	(i) Existing school construction guidelines inadequate to undertake comprehensive, resilient and climate-friendly school facility improvement and multi-year construction works  (ii) All 753 Local Governments do not have provision and facilities for teaching science in grades 11–12	School Physical Facilities Development and Implementation Guideline approved, and Needs-assessment for development of secondary schools with provision of science in grades 11–12 to enhance equitable access in local governments/districts completed in consultation with local governments and provinces	(ii) NARN framework approved  School development plan prepared for at least 50% of secondary schools to upgrade their facilities for improved teaching-learning of science subjects in grades 9–12 as per the needs-assessment	disability, disadvantage group, and dalits  School development plan prepared for 100% secondary schools to upgrade their facilities for improved teaching-learning of science subjects in grades 9–12 as per the needs-assessment			students reading and numeracy proficiency  Development of science facilities in the selected schools as per the school development plans prepared for Years 1 and 2, completed



Attachment 2 to Schedule 3

Disbursement-Linked Indicators (DLI)	Baseline and Year	Prior results (2022)	2023 (Year 1)	2024 (Year 2)	2025 (Year 3)	2026 (Year 4)	2027 (Year 5)
DLI 4: Revision of the pro-poor scholarship scheme to ensure equal opportunity to students in basic and secondary education.	Pro-poor scholarship for secondary education 9–12 implemented			Revised Implementation Standards for pro-poor scholarship, at least covering Grades 6–12, approved by MOEST.	Nationwide implementation of pro-poor scholarships for Grades 8–12	Nationwide implementation of pro-poor scholarships for Grades 7–12	Nationwide implementation of pro-poor scholarship in grades 6–12
<b>Output 2: Teaching and learning in basic and secondary education strengthened</b>							
DLI 5: Placement of qualified science, mathematics, and English teachers in schools for grades 6-10 improved	Proportion of basic schools that have full complement of math, science and English subject teachers in grades 6–8 is 25.8% and proportion of secondary schools that have full complement of math, science and English subject teachers in grades 9–10 is 20.0%. (FY2022)		Proportion of basic schools that have full complement of math, science and English subject teachers in grades 6–8 in total number of basic schools increased to at least 28.0% and proportion of secondary schools that have full complement of math, science and English subject teachers in grades 9–10 is 27.0%.	Proportion of basic schools that have full complement of math, science and English subject teachers in grades 6-8 in total number of basic schools increased to at least 31.0% and proportion of secondary schools that have full complement of math, science and English subject teachers in grades 9–10 is increased to at least 27.0%.	Proportion of basic schools that have full complement of math, science and English subject teachers in grades 6-8 in total number of basic schools increased to at least 34.0% and proportion of secondary schools that have full complement of math, science and English subject teachers in grades 9–10 is increased to at least 30.0%.	Proportion of basic schools that have full complement of math, science and English subject teachers in grades 6–8 in total number of basic schools increased to at least 37.0% and proportion of secondary schools that have full complement of math, science and English subject teachers in grades 9–10 is increased at least to 34.0%.	Proportion of basic schools that have full complement of math, science and English subject teachers in grades 6–8 in total number of basic schools increased to at least 40.0% and proportion of secondary schools that have full complement of math, science and English subject teachers in grades 9–10 is increased at least to 38.0%.

## Attachment 2 to Schedule 3

Disbursement-Linked Indicators (DLI)	Baseline and Year	Prior results (2022)	2023 (Year 1)	2024 (Year 2)	2025 (Year 3)	2026 (Year 4)	2027 (Year 5)
DLI 6. School based teacher professional support through mentorship piloted in local governments	New Intervention		grades 9–10 is 24.0%.  Teacher Professional Development framework updated, consulted with all stakeholders, and approved by MOEST, and Standard Operating Procedures (SOP) for implementation of pilot teacher mentoring system in Local Governments approved by MOEST.	50 Local Governments implement pilot mentoring system at basic education in at least 80% of the schools using SOP	Additional 100 Local Governments implement pilot mentoring system at basic education in at least 80% of the schools using SOP	Additional 100 Local Governments implement pilot mentoring system endorsed and disseminated by MOEST	Evaluation on implementation of pilot mentoring system endorsed and disseminated by MOEST
DLI 7: Examination Strengthened	(i) Framework for conducting Basic Level Examination (BLE) by using standardized test items approved, development of test items completed for grade 8 (FY2022)		(i) All 753 Local Governments (a) have access to an item bank of standardized test items for BLE, and (b) have staff trained on using standardized	(i) At least 20% of Local Governments conducting BLE by using the standardized test items	(ii) Standardization test items developed for grade 12 external public examination using the approved national assessment framework	(i) At least 60% of Local Governments conducting BLE by using the standardized test items	(i) At least 80% of Local Governments conducting BLE by using the standardized test items  (ii) Standardization test items piloted for grade 12 external public examination

Disbursement-Linked Indicators (DLI)	Baseline and Year	Prior results (2022)	2023 (Year 1)	2024 (Year 2)	2025 (Year 3)	2026 (Year 4)	2027 (Year 5)
	(ii) National assessment framework for grade 12 not in place		test items for BLE (ii) National assessment framework for grade 12 approved				
<b>Output 3: Learning Recovery Accelerated</b>							
DLI 8: Recovery and Accelerated Learning (ReAL) implemented to mitigate the learning loss resulting from covid-19 pandemic	New intervention	ReAL plan approved by MOEST	50 Local Governments implementing activities as per ReAL plan in at least 80% of the schools	Additional 100 Local Governments implementing activities as per the ReAL plan in at least 80% of the schools			
DLI 9: improvement on accessibility, relevancy, and quality of e-resources in the sikai chautari (online learning portal)	Online portal established		(i) Strategic roadmap for upgrading content for the on-line learning portal 'Sikai Chautari' approved.		(i) E-resource materials developed for the online learning portal 'Sikai Chautari' for grade 9-12 Science and Mathematics subjects which are relevant, accessible and quality assured as per the strategic roadmap. (ii) Training/orientation to at least two teachers of 7,000	(i) At least 15,000 schools are accessing the online learning portal 'Sikai Chautari' (ii) Training/orientation to at least two teachers of 8,000 schools for using the online portal completed	(i) At least additional 4,000 schools are accessing the online learning portal 'Sikai Chautari' (ii) Training/orientation to at least two teachers of 4,000 schools for using the online portal completed

Disbursement-Linked Indicators (DLI)	Baseline and Year	Prior results (2022)	2023 (Year 1)	2024 (Year 2)	2025 (Year 3)	2026 (Year 4)	2027 (Year 5)
					schools for using the online portal completed		
<b>Output 4: Local Government Education Planning, Monitoring, and Reporting Improved</b>							
DLI 10: Education planning, budgeting and reporting in federal structure improved	(i) No local government education plans  (ii) 42% of schools use school report cards generated from EMIS are used in Social Audits in FY2022  (iii) Percentage of recurring audit observations SSDP was 6.4% of the total SSDP expenditures for FY2019	Institutional arrangements for SESP formalized for program management, coordination, communication, and reporting	(i) Guidelines for the formulation of GESI responsive and climate resilient local government periodic education plan approved and disseminated to the Local Governments  (ii) GESI responsive school report cards from EMIS used in social audits in at least 80% of schools	(i) 40% of the 753 Local Governments (i.e., 301) have approved GESI disaster and climate resilient local education plans and uploaded on their website  (ii) Percentage of recurring audit observations of SESP no more than 5.0% of the total SESP expenditures for FY2023	(i) 75% of the 753 Local Governments (i.e., 565) have approved GESI disaster and climate resilient local education plans and uploaded on their website	(i) All 753 Local Governments have approved GESI disaster and climate resilient local education plans and uploaded on their website  (ii) GESI responsive school report cards from EMIS used in social audits in at least 90% of schools to improve school performance	(iii) Average percentage of recurring audit observations of SESP no more than 5.0% of the total SESP expenditures for FY2024, FY2025 and FY2026

BLE = Basic Level Education, DLI = Disbursement Linked Indicators, EMIS = Education management Information System, GESI = Gender Equality and Social Inclusion, MOEST = Ministry of Education, Science, and Technology, NARN = National assessment for Reading and Numeracy, ReAL = Recovery and Accelerated Learning, SESP = School Education Sector Plan, SSDP = School Sector Development Plan

**SCHEDULE 4****Execution of Program**Implementation Arrangements

1. The Borrower shall ensure, or cause the Program Executing Agency and the Implementing Agencies 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 approval 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. The Borrower shall ensure, or cause the Program Executing Agency and the Implementing Agencies to ensure, that the aggregate amount of Eligible Expenditures under the Program is equal to or exceeds the Loan proceeds withdrawn by the Borrower for the Program. Such Eligible Expenditures are part of the expenditures incurred under SESP, but they exclude any expenditures for (a) procurement of works, goods and services from persons or entities debarred or suspended by ADB; (b) procurement involving High-Value Contracts; (c) any activities which are classified as category A for environmental impact under the SPS; (d) any activities assessed as likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on environment and/or affected people; (e) any activities which are prohibited investment activities provided in Appendix 5 of the SPS; and (f) 80% of the expenditures incurred relating to salaries and remuneration under SESP from FY2023 to FY2027.

DLI Compliance and Program Dialogue

3. The Borrower shall ensure, or cause the Program Executing Agency and the Implementing Agencies to ensure, that all DLIs achieved under the Program continue to be complied with for the duration of SESP.

4. The Borrower shall keep ADB informed of discussions with other development partners that may have implications for the implementation of SESP 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.

Technical Requirements

5. The Borrower shall ensure, or cause the Program Executing Agency and the Implementing Agencies to ensure, that all Program Actions in the area of technical requirements are implemented in a timely and efficient manner.

Financial Management

6. The Borrower shall ensure, or cause the Program Executing Agency and the Implementing Agencies to ensure, that all Program Actions in the area of financial management are implemented in a timely and efficient manner.

### Procurement

7. The Borrower shall ensure, or cause the Program Executing Agency and the Implementing Agencies 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.

8. The Borrower shall ensure, or cause the Program Executing Agency and the Implementing Agencies to ensure, that all Program Actions in the area of procurement are implemented in a timely and efficient manner.

### Environmental and Social Safeguards

9. The Borrower shall ensure, or cause the Program Executing Agency and the Implementing Agencies to ensure, that all Program Actions in the area of environmental and social safeguards are implemented in a timely and efficient manner.

10. (a) The Borrower shall ensure, or cause the Program Executing Agency and the Implementing Agencies to ensure, that no construction or rehabilitation works under the Program involve significant adverse environmental impacts that may be classified as category A under the SPS. Prior to commencing any construction or rehabilitation works under the Program, the Borrower shall conduct, or cause the Program Executing Agency and the Implementing Agencies to conduct, a screening to ensure that any works that may be classified as category A for environment impacts within the meaning of SPS are excluded from the Program.

(b) The Borrower shall ensure, or cause the Program Executing Agency and the Implementing Agencies to ensure, that the preparation, design, construction, implementation, operation and decommissioning of all activities under the Program comply with: (i) all applicable laws, regulations and guidelines of the Borrower relating to environment, health and safety; (ii) the Environmental Safeguards; and (iii) all measures and requirements, including monitoring requirements set forth in the Program Action Plan.

11. The Borrower shall ensure, or cause the Program Executing Agency and the Implementing Agencies to ensure, that the Program does not involve any resettlement risks or impacts within the meaning of the SPS. If due to unforeseen circumstances, the Program involves any such impacts, the Borrower shall ensure that the Program complies with (a) all applicable laws and regulations of the Borrower relating to resettlement; (b) Involuntary Resettlement Safeguards; and (c) all measures and requirements, including monitoring requirements set forth in the Program Action Plan.

12. The Borrower shall ensure, or cause the Program Executing Agency and the Implementing Agencies to ensure, that the preparation, design, construction, implementation, operation and decommissioning of all activities under the Program comply with: (a) all applicable laws and regulations of the Borrower relating to indigenous peoples; (b) Indigenous Peoples Safeguards; and (c) all measures and requirements, including monitoring requirements set forth in the Program Action Plan.

Gender and Social Equality

13. The Borrower shall ensure, or cause the Program Executing Agency and the Implementing Agencies to ensure, that all Program Actions in the area of gender and social equality are implemented in a timely and efficient manner.

Governance and Anticorruption

14. The Borrower shall ensure, or cause the Program Executing Agency and the Implementing Agencies 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.

15. The Borrower shall, or cause the Program Executing Agency and the Implementing Agencies 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.

16. Within 90 days of the Effective Date, the Borrower shall, or cause the Program Executing Agency and the Implementing Agencies to update its public website to (a) provide information on bidding procedures, bidders, contract awards and physical progress of the Program; (b) post the audited annual financial statements for the Program, as such financial statements become available; and (c) disseminate other relevant information on Program implementation.