
LOAN NUMBER 3506-PRC

LOAN AGREEMENT
(Ordinary Operations)

(Public-Private Partnerships Demonstration Program to Transform Delivery of Elderly Care
Services in Yichang, Hubei – Results-Based Lending)

between

PEOPLE'S REPUBLIC OF CHINA

and

ASIAN DEVELOPMENT BANK

DATED March 11 2018

PRC 50201

LOAN AGREEMENT
(Ordinary Operations)

LOAN AGREEMENT dated March 11 2018 between the 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 Program will be carried out by the Yichang Municipal Government ("YMG"), and for this purpose the Borrower shall, through Hubei Provincial Government ("HPG"), make available to YMG the proceeds of the loan provided for herein upon terms and conditions satisfactory to ADB; and

(C) 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 on one part, and HPG and YMG on the other part;

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

Loan Regulations; Definitions

Section 1.01. All the provisions of the Ordinary Operations Loan Regulations Applicable to LIBOR-Based Loans Made from ADB's Ordinary Capital Resources, dated 1 July 2001 ("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(49) is deleted and the following is substituted therefor:

49. 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(51) is deleted and the following is substituted therefor:

51. 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".

(e) Section 3.03 is deleted and the following is substituted therefor:

Commitment Charge; Credit; Maturity Premium.

(a) The Borrower shall pay a commitment charge on the unwithdrawn amount of the Loan at the rate and on the terms specified in the Loan Agreement.

(b) ADB shall provide to the Borrower a credit at the rate specified in the Loan Agreement, which credit shall remain fixed for the term of the Loan. ADB shall apply the credit against the interest payable by the Borrower.

(c) The Borrower shall pay a maturity premium at the rate specified in the Loan Agreement, which maturity premium shall remain fixed for the term of the Loan. ADB shall add the maturity premium to the interest payable by the Borrower.

(f) Section 3.06 is deleted and the following is substituted therefor:

Rebate. (a) Following any announcement by ADB that the Fixed Spread applicable to new Loans shall be reduced, ADB shall provide a Rebate to any Borrower with an outstanding Loan on which a higher Fixed Spread is applicable. The amount of the Rebate shall be determined by multiplying (i) the difference between the Fixed Spread applicable to the outstanding Loan and the Fixed Spread that will be applied to new Loans (expressed as a percentage per annum), by (ii) the principal amount of the outstanding Loan on which the Borrower shall pay interest for all interest periods commencing on and after the effective date of the lower Fixed Spread that will be applied to new Loans.

(b) Following any announcement by ADB that its Funding Cost Margin calculations with respect to any Loan Currency (or Approved Currency) in any Semester resulted in ADB achieving savings, ADB shall provide a Rebate to the Borrower. The amount of the Rebate shall be determined by multiplying (i) the Funding Cost Margin (expressed as a percentage per annum) by (ii) the principal amount of the Loan on which the Borrower shall pay interest for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated. ADB shall apply the

amount of the Rebate against the interest payable by the Borrower for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated.

- (g) Section 3.07 is deleted and the following is substituted therefor:

Surcharge. (a) Following any announcement by ADB that the Fixed Spread applicable to new Loans shall be increased, any Borrower with an outstanding Loan on which a lower Fixed Spread is applicable shall pay ADB a Surcharge. The amount of the Surcharge shall be determined by multiplying (i) the difference between the Fixed Spread that will be applied to new Loans and the Fixed Spread applicable to the outstanding Loan (expressed as a percentage per annum), by (ii) the principal amount of the outstanding Loan on which the Borrower shall pay interest for all interest periods commencing on and after the effective date of the higher Fixed Spread that will be applied to new Loans.

(b) Following any announcement by ADB that its Funding Cost Margin calculations with respect to any Loan Currency (or Approved Currency) in any Semester resulted in ADB incurring additional costs, the Borrower shall pay ADB a Surcharge. The amount of the Surcharge shall be determined by multiplying (i) the Funding Cost Margin (expressed as a percentage per annum) by (ii) the principal amount of the Loan on which the Borrower shall pay interest for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated. ADB shall add the amount of the Surcharge to the interest payable by the Borrower for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated.

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) "Disbursement Linked Indicator" or "DLI" means each disbursement-linked indicator as set forth in the DLI Matrix which the Borrower shall, through HPG, cause YMG to satisfy in order to withdraw the amount of the Loan proceeds allocated to such disbursement linked indicator in Attachment 1 of Schedule 3 to this Loan Agreement;

(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) "ECS" means elderly care services provided under a PPP Agreement;

(g) "ECS Facilities" means the ECS facilities in which ECS Providers will provide ECS under a PPP Agreement;

(h) "ECS Provider" means an entity providing ECS under a PPP Agreement and "ECS Providers" means such entities collectively;

(i) "Eligible Expenditures" means the eligible expenditures referred to in paragraph 2 of Schedule 4 to this Loan Agreement;

(j) "Environmental Safeguards" means the objectives and policy principles set forth in Chapter V, Appendix 1, and Appendix 4 (as applicable) of the SPS;

(k) "Fiscal Year" and "FY" means the fiscal year of the Borrower, which runs from 1 January to 31 December of each year;

(l) "HPG" means Hubei Provincial Government, or any successor thereto acceptable to ADB;

(m) "High-Value Contracts" mean: (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;

(n) "Indigenous Peoples Safeguards" means the objectives and policy principles set forth in Chapter V, Appendix 3, and Appendix 4 (as applicable) of the SPS;

(o) "Involuntary Resettlement Safeguards" means the objectives and policy principles set forth in Chapter V, Appendix 2, and Appendix 4 (as applicable) of the SPS;

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

(q) "PID" means the program implementation document for the Program dated 18 November 2016, as updated from time to time by the Borrower and ADB;

(r) "PLG" means the program leading group to be established for the Program to guide, oversee and coordinate the implementation of the Program;

(s) "PMO" means the program management office to be established by YMG for the Program;

(t) "PPP" means public-private partnerships;

(u) "PPP Agreement" means a long-term agreement between an ECS Provider and YMG (or an appropriate agency of YMG acceptable to ADB) under which the ECS Provider undertakes to equip, operate and maintain one or more ECS Facilities including providing various levels of care (from mildly to fully dependent elderly) to lower-middle and middle income target beneficiaries, including residential, medical and non-medical services and support for community- and home-based care, as more fully described in the PID;

(v) "PPP Consultants" mean the consultants to be appointed under paragraph 2(a) of Schedule 1 to this Loan Agreement;

(w) "PPDP" means the PPP Demonstration Program of YMG;

(x) "Program Action Plan" means the action plan for the Program dated 18 November 2016 as updated from time to time by the Borrower and ADB;

(y) "Program Actions" means the actions set out in the Program Action Plan;

(z) "Program Agreement" means the agreement of even date herewith between ADB on one part, and HPG and YMG on the other part, referred to in Recital (C) of this Loan Agreement;

(aa) "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;

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

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

(dd) "Table" means the table on the allocation and withdrawal of Loan proceeds set forth in Attachment 1 of Schedule 3 to this Loan Agreement; and

(ee) "YMG" means Yichang Municipal Government, or any successor thereto acceptable to ADB.

ARTICLE II

The Loan

Section 2.01. (a) ADB agrees to lend to the Borrower from ADB's ordinary capital resources an amount of fifty million Dollars (\$50,000,000), as such amount 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 0.20% 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 June and 1 December 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(6) 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, through HPG, to YMG upon terms and conditions satisfactory to ADB; (b) through HPG, cause YMG 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 proceeds of the Loan 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 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 HPG and YMG, 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 the carrying out of the Program, the Borrower shall perform, or cause HPG and YMG 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 HPG and YMG 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 HPG and YMG to perform their obligations under the Program Agreement, and shall not take or permit any action which would interfere with the performance of such obligations.

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 of the Borrower is designated as representative 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

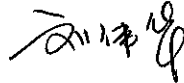
Facsimile Numbers:

(632) 636-2444

(632) 636-2407.

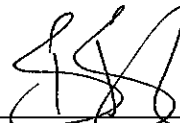
IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their respective names as of the day and year first above written and to be delivered at the principal office of ADB.

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 YMG's PPPDP.
2. The Program shall comprise:
 - (a) Development of Local Government Capacity to Design, Procure, and Manage ECS PPPs: This output shall manage the risk of using PPPs to introduce advanced elderly care concepts and shall ensure that YMG has developed systems to:
 - (i) introduce innovative and elderly and environmentally sustainable design features in the ECS facilities;
 - (ii) develop key performance indicators based on international ECS standards and principles and which are compatible with national ECS guidelines;
 - (iii) develop the PPP structure and financing model, including sustainability and social inclusion strategy;
 - (iv) provide transaction support to design and procure the PPP Agreements;
 - (v) perform integrity, financial viability and safeguards due diligence of relevant key stakeholders;
 - (vi) develop and deliver a PPP training plan for relevant YMG staff;
 - (vii) implement the PPP Agreements and program monitoring systems; and
 - (viii) disseminate lessons learnt from Program implementation.
 - (b) Implementation of Socially Inclusive PPP Demonstration Program for the ECS sector in Yichang: This output shall enable YMG to meet agreed key performance indicators and output targets for the ECS Facilities operated under the PPP Agreements. The ECS Facilities shall include residential, medical and non-medical services, and provide outreach services to support community and home-based care. The services to be provided by the ECS Providers to residential and broader elderly community-care shall cover different levels of care needs (from mildly to fully dependent elderly) and shall include nursing care, skilled cognitive care, day care, social counseling, recreational activities and support for daily activities such as walking, bathing, dressing, toileting/incontinence and eating. Home-based care shall include a range of services such as housekeeping, shopping support, preparation of meals, routine medical check-ups, and physiotherapy.
3. The Program is expected to be completed by 31 December 2022.

SCHEDULE 2

Amortization Schedule

(Public-Private Partnerships Demonstration Program to Transform Delivery of Elderly Care Services in Yichang, Hubei – Results-Based Lending)

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.

<u>Date Payment Due</u>	<u>Installment Share</u> (Expressed as a%)
1 June 2022	0.788756
1 December 2022	0.826222
1 June 2023	0.865468
1 December 2023	0.906577
1 June 2024	0.949640
1 December 2024	0.994747
1 June 2025	1.041998
1 December 2025	1.091493
1 June 2026	1.143339
1 December 2026	1.197647
1 June 2027	1.254536
1 December 2027	1.314126
1 June 2028	1.376547
1 December 2028	1.441933
1 June 2029	1.510425
1 December 2029	1.582170
1 June 2030	1.657323
1 December 2030	1.736046
1 June 2031	1.818508
1 December 2031	1.904887
1 June 2032	1.995369
1 December 2032	2.090149
1 June 2033	2.189432
1 December 2033	2.293430
1 June 2034	2.402367
1 December 2034	2.516480

<u>Date Payment Due</u>	<u>Installment Share</u> (Expressed as a%)
1 June 2035	2.636013
1 December 2035	2.761223
1 June 2036	2.892381
1 December 2036	3.029770
1 June 2037	3.173684
1 December 2037	3.324434
1 June 2038	3.482344
1 December 2038	3.647756
1 June 2039	3.821024
1 December 2039	4.002523
1 June 2040	4.192642
1 December 2040	4.391793
1 June 2041	4.600403
1 December 2041	4.818922
1 June 2042	5.047821
1 December 2042	<u>5.287652</u>
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.

(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: (a) 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 (b) 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

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, through HPG, cause YMG to nominate 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, through HPG, cause YMG 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 YMG, 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, by notice to 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 HPG, cause YMG to 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.

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.

Condition for Withdrawal

10. Notwithstanding any other provision of this Loan Agreement, no withdrawals shall be made from the Loan Account for the Program until YMG has established the PLG to guide, oversee and coordinate the implementation of the Program.

TABLE

Allocation and Withdrawal of Loan Proceeds (Public-Private Partnerships Demonstration Program to Transform Delivery of Elderly Care Services in Yichang, Hubei – Results-Based Lending) (\$)								
Disbursement-Linked Indicators	Total ADB Financing Allocation	Financing for Prior Results	2017	2018	2019	2020	2021	2022
DLI No. 1*	1,000,000					1,000,000		
DLI No. 2*	33,000,000	3,000,000	6,000,000	24,000,000				
DLI No. 3*	10,000,000				8,000,000	1,000,000		1,000,000
DLI No. 4*	4,000,000		2,000,000			1,000,000	1,000,000	
DLI No. 5*	2,000,000		1,000,000			1,000,000		
Total	50,000,000	3,000,000	9,000,000	24,000,000	8,000,000	4,000,000	1,000,000	1,000,000

*Subject to the condition for withdrawal described in paragraph 10 of Schedule 3.

DLI MATRIX
(Public-Private Partnerships Demonstration Program to Transform Delivery of Elderly Care Services in Yichang, Hubei – Results-Based Lending)

DLI	Targets, Baseline and Prior Results	Prior Results	2017	2018	2019	2020	2021	2022
DLI No. 1 YMG's PMO capacity in PPP design, management, and effective service delivery built	Target is to strengthen YMG's capacity to effectively leverage PPP in the ECS sector Baseline: Low capacity in YMG to design, implement and monitor PPP in social sectors and zero staff trained in PPP design and risk management					95% of PMO staff trained in PPP design and risk management and demonstrate required competencies (\$1 million)		
DLI No. 2 ECS Facilities with elderly and environmentally sustainable and inclusive design features constructed	Target is to construct ECS Facilities which have been designed with elderly and environmentally sustainable features using PPP Baseline: In 2016, no ECS provided in PPP financed ECS Facilities	Sites identified for the ECS Facilities have been made available for use, free of any and all liens and encumbrances, for the purpose of the PPPDP (\$3 million)	The detailed designs for the ECS Facilities have been finalized and approved and include elderly and environmentally sustainable and inclusive design features (\$6 million)	Construction, renovation and rehabilitation of the ECS Facilities completed (\$24 million)				

DLI	Targets, Baseline and Prior Results	Prior Results	2017	2018	2019	2020	2021	2022
DLI No. 3 Number of elderly with access to integrated and inclusive ECS Facilities increased	Target is to increase number and occupancy of residential beds and access to home-based and community based care provided by the ECS Facilities Baseline: In 2016, no ECS provided in PPP financed ECS Facilities				ECS in the ECS Facilities are commenced (\$8 million)	At least 600 elderly provided residential ECS in the integrated and inclusive ECS Facilities (\$1 million)		At least 1,000 elderly provided residential ECS in the integrated and inclusive ECS Facilities (\$1 million)
DLI No. 4 Quality ECS provided through PPP	Target is to develop and monitor service standards for ECS using key performance indicators		Service standards and key performance indicators for ECS developed and approved (\$2 million)			Monitoring system implemented and reports on key performance indicators produced (\$1 million)	75% of ECS Facilities meet approved service standards (\$1 million)	
DLI No. 5 PPP Demonstration Achieved			A viable ECS PPP model developed based on sound market analysis with (a) clear and socially inclusive identification of target beneficiaries; (b) a commercially acceptable internal Rate of Return; and (iii) value for money analysis. (\$1 million)			ECS PPP Development Manual developed, approved and knowledge disseminated to at least 2 local governments (\$1 million)		

SCHEDULE 4

Execution of Program

Implementation Arrangements

1. The Borrower shall ensure and cause HPG and YMG 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, through HPG and YMG, 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 and cause HPG and YMG to 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. Such Eligible Expenditures are part of the expenditures incurred under the Program, but they exclude any expenditures for (a) procurement of works, goods and services from countries which are not members of ADB; (b) procurement of works, goods 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 Dialogue

3. The Borrower shall ensure and cause HPG and YMG to 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 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 HPG and YMG 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 HPG and YMG 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 cause HPG and YMG 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.