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LOAN NUMBER 3888-PRC

LOAN AGREEMENT  
(Ordinary Operations)

(Anhui Huangshan Xin'an River Ecological Protection and Green Development Project)

between

PEOPLE'S REPUBLIC OF CHINA

and

ASIAN DEVELOPMENT BANK

DATED 17 June 2020

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PRC 52026

**LOAN AGREEMENT  
(Ordinary Operations)**

LOAN AGREEMENT dated 17 June 2020 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 Project described in Schedule 1 to this Loan Agreement;

(B) the Project will be carried out by the Huangshan Municipal Government ("HMG") and for this purpose the Borrower will make the proceeds of the loan available through the Anhui Provincial Government ("APG") to HMG and cause HMG to make the loan proceeds available to the Project Counties and Districts and Huangshan Trust and Investment Corporation ("HTIC"), as specified in section 3.01 of this Loan Agreement upon terms and conditions acceptable to ADB;

(C) the Borrower has also applied to Kreditanstalt für Wiederaufbau ("KfW") for a loan to finance a portion of the Project ("KfW Loan") upon terms and conditions set forth in the loan agreement between the Borrower and KfW (the "KfW Loan Agreement"); 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 Project Agreement of even date herewith between ADB of one part, and Anhui Provincial Government and HMG of the other part;

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(uu) is deleted and the following is substituted therefor:

"Project Agreement" means the Project Agreement of even date herewith between ADB of one part, and the Anhui Provincial Government and Huangshan Municipal Government of the other part, as such agreement may be amended from time to time; and such project agreement includes all schedules to the Project Agreement.

- (b) The term "Project Executing Agency" appearing in Section 7.01(a)(i), 9.01(d), 9.01(f), 9.01(k), 10.01(c) and 10.02(c) of the Regulations shall be substituted by the term "the Anhui Provincial Government and the Huangshan Municipal Government" or the term "the Anhui Provincial Government, or the Huangshan Municipal Government", as the context requires.

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) "Account Bank" means a bank or banks approved by HMG that will open the Revolving Fund Account for GIF;
- (b) "APG" means the Anhui Provincial Government;
- (c) "CNY" means the Chinese Yuan, the currency of the Borrower;
- (d) "Component" means each component of the Project as described in Schedule 1;
- (e) "Consulting Services" means consulting services as described in the Procurement Regulations and set out in the Procurement Plan, and to be financed out of the proceeds of the Loan;
- (f) "EMP" means an environmental management plan for the Project or each Qualified Subproject, including any update thereto, incorporated in an IEE;
- (g) "Environmental Safeguards" means the principles and requirements set forth in Chapter V, Appendix 1, and Appendix 4 (as applicable) of the SPS;
- (h) "Equity Investment" means each equity investment made, or proposed to be made, under the GIF, out of the proceeds of the Loan to a Qualified Investee for a Qualified Subproject;
- (i) "Equity Investment Agreement" means each equity investment agreement, a form of which has been approved by ADB, entered into between HXIC on behalf of GIF and the Qualified Investee;
- (j) "ESMS" means an environmental and social management system to be adopted, with ADB's prior approval, and implemented by HTIC through HXIC and the GIF, fulfilling the roles assigned to them in the ESMS, in accordance with the template ESMS provided by ADB or a simplified version to be adopted, with ADB's prior approval;
- (k) "Framework Cooperation Agreement" means an agreement, acceptable to ADB, between the Account Bank and HTIC for the Revolving Fund Account for GIF;

- (l) "GAP" means the Gender Action Plan developed for the Project, including any update thereto, prepared and submitted by HMG and cleared by ADB;
- (m) "GIF" means the green investment fund to be established under Component 3;
- (n) "Goods" means equipment and materials as set out in the Procurement Plan and to be financed out of the proceeds of the Loan, including any related Nonconsulting Services such as transportation, insurance, installation, commissioning, training, and initial maintenance;
- (o) "Green Incentive Fund" means the green incentive fund to be established under Component 3;
- (p) "HXIC" means the Huangshan Xintou Investment Company, a wholly owned subsidiary of HTIC, or any successor thereto, that will implement GIF as its general partner and fund manager;
- (q) "IA" means each local government of the Project Counties and Districts, and HTIC through HXIC and GIF;
- (r) "IEE" means an initial environmental examination for the Project and each Qualified Subproject, including any update thereto, submitted to ADB by HMG and cleared by ADB;
- (s) "Incentive Payment Agreement" means each incentive payment agreement, a form of which has been approved by ADB, entered into between HMG and the Qualified Recipient;
- (t) "Involuntary Resettlement Safeguards" means the principles and requirements set forth in Chapter V, Appendix 2, and Appendix 4 (as applicable) of the SPS;
- (u) "Limited Partnership Agreement" means an agreement, approved by ADB between HTIC as the limited partner and HXIC as the general partner and fund manager for GIF, which incorporates all of the requirements herein, the Project Agreement, and as set out in PAM setting out roles and responsibilities identified for each partner in relation to GIF;
- (v) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2017, as amended from time to time);
- (w) "Nonconsulting Services" means nonconsulting services as described in the Procurement Regulations and set out in the Procurement Plan, and to be financed out of the proceeds of the Loan;
- (x) "Onlending Agreement" is an agreement between HMG and each of the Project County, Project District, or between HMG and HTIC for onlending for purposes of GIF;

- (y) "PAM" means the project administration manual for the Project dated 8 November 2019 and agreed between the Borrower, through HMG, and ADB, as updated from time to time in accordance with the respective administrative procedures of the Borrower and ADB;
- (z) "Presidential Directive" is a directive to be issued by the general manager of HTIC, that integrate ESMS into the business procedures of HTIC;
- (aa) "Procurement Plan" means the procurement plan for the Project dated 8 November 2019 and agreed between the Borrower, through HMG, and ADB, as updated from time to time in accordance with the Procurement Policy, the Procurement Regulations, and other arrangements agreed with ADB;
- (bb) "Procurement Policy" means ADB's Procurement Policy – Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time);
- (cc) "Procurement Regulations" means ADB's Procurement Regulations for ADB Borrowers - Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time);
- (dd) "Project Counties and Districts" means the counties of She, Yi, Qimen and Xiuning and districts of Huangshan, Huizhou, and Tunxi. Each Project County and Project District may be hereinafter referred to in singular or plural;
- (ee) "Project Executing Agency" for the purposes of, and within the meaning of, the Loan Regulations means HMG or any successor thereto acceptable to ADB, which is responsible for carrying out the Project;
- (ff) "Project facilities" means facilities to be constructed, procured, rehabilitated and/or maintained under the Project;
- (gg) "Qualified Investee" means an investee, which satisfies the eligibility criteria set out in the PAM for the GIF;
- (hh) "Qualified Recipient" means each recipient of the cash grant from the Green Incentive Fund;
- (ii) "Qualified Subproject" means each specific subproject, which satisfies the eligibility criteria set out in the PAM for the GIF, to be carried out by a Qualified Investee;
- (jj) "Resettlement Plan" or "RP" means the resettlement plan for the Project, including any update thereto, prepared and submitted by HMG and cleared by ADB;

- (kk) "Revolving Fund Account" means the account opened at the Account Bank for purposes of accepting and maintaining funds for GIF;
- (ll) "Safeguard Policy Statement" or "SPS" means ADB's Safeguard Policy Statement (2009);
- (mm) "Safeguards Monitoring Report" means each report prepared and submitted by HMG to ADB that describes progress with implementation of and compliance with the ESMS, any EMP for a Qualified Subproject and RP, and GAP, including any corrective and preventative actions;
- (nn) "Services" means Consulting Services and Nonconsulting Services;
- (oo) "SME" means each small and medium-sized enterprise, and has a meaning specified in the Borrower's Small and Medium Enterprise Categorization standard (2011); and
- (pp) "Works" means construction or civil works as set out in the Procurement Plan and to be financed out of the proceeds of the Loan, including any related Nonconsulting Services, and project related services that are provided as part of a single responsibility or turnkey contract.

## **ARTICLE II**

### **The Loan**

Section 2.01. (a) ADB agrees to lend to the Borrower from ADB's ordinary capital resources an amount of ninety million ninety thousand Euros (€90,090,000), 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 19 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) Euribor;
- (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 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(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. (a) The Borrower shall make the proceeds of the Loan available through APG to HMG and cause HMG to make the Loan available to the Project Counties and Districts and HTIC. Except as ADB may otherwise agree, the onlending terms shall include (i) commitment charge and interest at the rates identical to those applied to the Loan; (ii) repayment period include a grace period identical to those applied to the Loan; and (iii) HMG bearing the foreign exchange and interest rate variation risks of the proceeds of the Loan made available thereto; and

(b) The Borrower shall, through HMG, cause the proceeds of the Loan to be applied to the financing of expenditures on the Project in accordance with the provisions of this Loan Agreement and the Project Agreement.

Section 3.02. The proceeds of the Loan shall be allocated and withdrawn in accordance with the provisions of Schedule 3 to this Loan Agreement, as such Schedule may be amended from time to time by agreement between the Borrower and ADB.

Section 3.03. Except as ADB may otherwise agree, the Borrower shall procure, or cause to be procured, the items of expenditure to be financed out of the proceeds of the Loan in accordance with the provisions of Schedule 4 to this Loan Agreement.

Section 3.04. (a) Withdrawals from the Loan Account in respect of Goods, Works, and Services shall be made only on account of expenditures relating to:

- (i) Goods which are produced in and supplied from and Works and Services which are supplied from such member countries of ADB as shall have been specified by ADB from time to time as eligible sources for procurement; and
- (ii) Goods, Works, and Services which meet such other eligibility requirements as shall have been specified by ADB from time to time.

(b) For purposes of subparagraph (a)(ii), Goods, Works, and Services may also be procured under the Project from non-member countries of ADB.

Section 3.05. The Loan Closing Date for the purposes of Section 9.02 of the Loan Regulations shall be 30 December 2026 or such other date as may from time to time be agreed between the Borrower and ADB.

## **ARTICLE IV**

### **Particular Covenants**

Section 4.01. In the carrying out of the Project and operation of the Project facilities, the Borrower shall cause HMG and IAs to perform, or cause to be performed, all obligations set forth in Schedule 4 to this Loan Agreement and the Project Agreement.

Section 4.02. In addition to the reports and information set forth in Section 7.04 of the Loan Regulations, the Borrower shall furnish, or cause to be furnished, to ADB all such reports and information as ADB shall reasonably request concerning (a) the Qualified Investee and the Qualified Subprojects, and (b) the administration, operations and financial condition of the HTIC and HXIC.

Section 4.03. The Borrower shall enable ADB's representatives to inspect the Project, any Qualified Investee, any Qualified Subproject, the Goods and Works and Services, and any relevant records and documents maintained by HTIC,



Section 4.04. The Borrower shall take all actions which shall be necessary on its part to enable HMG and IAs to perform their respective obligations under the Project Agreement, and shall not take or permit any action which would interfere with the performance of such obligations.

Section 4.05. (a) The Borrower shall, through APG cause HMG, and through HMG cause the IAs, to exercise their respective rights under the Project Agreement or the Onlending Agreement in such a manner as to protect the interests of the Borrower and ADB and to accomplish the purposes of the Loan.

(b) No rights or obligations under the Onlending Agreement shall be assigned, amended, abrogated or waived without the prior concurrence of ADB.

## **ARTICLE V**

### **EFFECTIVENESS**

Section 5.01. A date 90 days after the date of this Loan Agreement is specified for the effectiveness of this Loan Agreement for the purposes of Section 10.04 of the Loan Regulations.

## **ARTICLE VI**

### **DELEGATION OF AUTHORITY**

Section 6.01. The Borrower hereby designates each of APG, HMG and IAs, as applicable, as its agent for the purposes of taking any action or entering into any agreement required or permitted under Sections 3.02, 3.03 and 3.04 of this Loan Agreement and under Sections 6.01, 6.02, 6.03 and 6.04 of the Loan Regulations.

Section 6.02. Any action taken or any agreement entered into by each of APG, HMG and IAs pursuant to the authority conferred under Section 6.01 of this Loan Agreement shall be fully binding on the Borrower and shall have the same force and effect as if taken by the Borrower.

Section 6.03. The authority conferred on APG, HMG and IAs under Section 6.01 of this Loan Agreement may be revoked or modified by agreement between the Borrower and ADB.

**ARTICLE VII****MISCELLANEOUS**

Section 7.01. The Minister of Finance or Vice 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 7.02. 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) 8636-2444  
(632) 8636-2534.

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   
 HAN BIN  
 Authorized Signatory

ASIAN DEVELOPMENT BANK

By   
 YOLANDA FERNANDEZ LOMMEN  
 Authorized Signatory

## SCHEDULE 1

### DESCRIPTION OF THE PROJECT

1. The objective of the Project is to improve the economic and environmental conditions in the upstream of Xin'an River.
2. The Project shall comprise:
  - (a) **Component 1: Upgrading of the urban point source pollution management facilities.** This component includes (i) upgrading of the existing centralized sewerage systems in Huangshan's central district and four county urban areas; and (ii) river rehabilitation and flood control through river embankment;
  - (b) **Component 2: Enhancing rural point and non-point source pollution control facilities and systems.** Point and non-point source pollution controls through (i) introducing decentralized sewage and on-site treatment system and environment management in rural villages; (ii) changing fertilizer application practices, including the improved use of organic fertilizer and biological pesticides with low toxicity, at agricultural and forestry sites; and (iii) enforcing disease monitoring and prevention to improve pine forest conditions;
  - (c) **Component 3: Piloting of green financing mechanisms.** Establishment, piloting and operationalization of a (i) green incentive fund to address agricultural non-point source pollution in Huangshan; and (ii) green investment fund to invest in SMEs involved in green business; and
  - (d) **Component 4: Strengthening capacity for ecological system and project management.** Enhancement of HMG's capacity in water resources and flood forecasting management in the Xin'an River Basin through (i) establishing environmental, health and safety management systems to strengthen its industrial and urban environmental monitoring and emergency response capacity; (ii) establishing integrated smart management information system; (iii) conducting studies on Huangshan city green development strategy, eco-compensation mechanisms, rural wastewater discharge standards, and green farming certification; and (iv) providing HMG implementation support and capacity development.
3. The Project is expected to be completed by 30 June 2026.

**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.

<u>Payment Due</u>	<u>Installment Share</u> (Expressed as a %)
1 June 2026	2.631579
1 December 2026	2.631579
1 June 2027	2.631579
1 December 2027	2.631579
1 June 2028	2.631579
1 December 2028	2.631579
1 June 2029	2.631579
1 December 2029	2.631579
1 June 2030	2.631579
1 December 2030	2.631579
1 June 2031	2.631579
1 December 2031	2.631579
1 June 2032	2.631579
1 December 2032	2.631579
1 June 2033	2.631579
1 December 2033	2.631579
1 June 2034	2.631579
1 December 2034	2.631579
1 June 2035	2.631579
1 December 2035	2.631579
1 June 2036	2.631579
1 December 2036	2.631579
1 June 2037	2.631579
1 December 2037	2.631579
1 June 2038	2.631579
1 December 2038	2.631579
1 June 2039	2.631579
1 December 2039	2.631579
1 June 2040	2.631579
1 December 2040	2.631579
1 June 2041	2.631579
1 December 2041	2.631579
1 June 2042	2.631579
1 December 2042	2.631579
1 June 2043	2.631579
1 December 2043	2.631579

Schedule 2

1 June 2044	2.631579
1 December 2044	2.631577
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 2 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****ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS**General

1. The table attached to this Schedule sets forth the Categories of items of expenditure to be financed out of the proceeds of the Loan and the allocation of the Loan proceeds to each such Category ("Table"). (Reference to "Category" in this Schedule is to a Category or Subcategory of the Table).

Basis for Withdrawal from the Loan Account

2. Except as ADB may otherwise agree, the proceeds of the Loan shall be allocated to items of expenditure, and disbursed on the basis of the withdrawal percentage for each item of expenditure set forth in the Table.

Advance Account

3. Except as ADB may otherwise agree, the Borrower shall cause APG to establish, immediately after the Effective Date, an advance account at a commercial bank. The advance account shall be established, managed, replenished and liquidated in accordance with the Loan Disbursement Handbook and detailed arrangements agreed upon between the Borrower and ADB. The advance account shall be used only for the Project. The currency of the advance account shall be the Euro.

Reallocation

4. Notwithstanding the allocation of Loan proceeds and the withdrawal percentages set forth in the Table,

- (a) if the amount of the Loan allocated to any Category appears to be insufficient to finance all agreed expenditures in that Category, ADB may, in consultation with the Borrower, (i) reallocate to such Category, to the extent required to meet the estimated shortfall, amounts of the Loan which have been allocated to another Category but, in the opinion of ADB, are not needed to meet other expenditures, and (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the withdrawal percentage applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made; and
- (b) if the amount of the Loan allocated to any Category appears to exceed all agreed expenditures in that Category, ADB may, in consultation with the Borrower, reallocate such excess amount to any other Category.

Disbursement Procedures

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

Retroactive Financing

6. Withdrawals from the Loan Account may be made to finance eligible expenditures incurred under the Project before the Effective Date, but not earlier than 12 months before the date of this Loan Agreement in connection with eligible items including the Qualified Subproject to the Qualified Investee, subject to a maximum amount equivalent to 20% of the Loan amount.

Condition for Withdrawals from Loan Account

7. Notwithstanding any other provision of this Loan Agreement, no withdrawals shall be made from the Loan Account;

- (a) until the Borrower shall have duly executed and delivered the KfW Loan Agreement, and all conditions precedent to its effectiveness shall have been fulfilled;
- (b) for category 2 (Green Incentive Fund) until the Borrower shall cause HMG to (i) adopt clear reward guidelines, disbursement arrangement, and eligibility criteria for the Qualified Recipient, (ii) screen and approve the Qualified Recipient in compliance with the foregoing requirements, and (iii) execute and deliver an Incentive Payment Agreement with the Qualified Recipient; and
- (c) for Category 3 (GIF) until (i) the Onlending Agreement have been signed between HMG and HTIC; (ii) the Limited Partnership Agreement for GIF has been signed by HTIC and HXIC; (iii) GIF is formally established, with the permission of the HMG, for the purpose of providing equity investments, (iv) the Framework Cooperation Agreement has been signed and the Revolving Account has been opened at the Account Bank; (v) the ESMS for the Project has been endorsed and adopted by the HTIC for GIF; (vi) a comprehensive investment manual setting out the selection criteria, appraisal and approval procedures, due diligence requirements on the Qualified Investees and Qualified Subproject, is endorsed by HMG and adopted by HTIC; and (vii) an Equity Investment Agreement with the relevant Qualified Investee, has been signed and delivered by HXIC and Qualified Investee.

TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS			
Number	Item	Total Amount Allocated for ADB Financing (EUR)	Basis for Withdrawal from the Loan Account
		Category	
1	Works, Goods, Services <sup>***</sup>	73,580,000	Up to 100% of total expenditure claimed
2	Green Incentive Fund (Cash Grant) <sup>***</sup>	3,450,000	100% of total expenditure claimed
3	Green Investment Fund (Equity Contribution) <sup>****</sup>	13,060,000	100% of total expenditure claimed
	<b>TOTAL</b>	<b>90,090,000</b>	

<sup>a</sup> Detailed category amounts and disbursement percentages to be used during disbursement are set out in Table 6b of the PAM.

<sup>\*\*</sup> Subject to the condition for withdrawal described in paragraph 7(a) of Schedule 3.

<sup>\*\*\*</sup> Subject to the condition for withdrawal described in paragraphs 7(a) and (b) of Schedule 3.

<sup>\*\*\*\*</sup> Subject to the condition for withdrawal described in paragraphs 7(a) and (c) of Schedule 3.

## **SCHEDULE 4**

### **Execution of Project; Financial Matters**

#### Implementation Arrangements

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

#### Procurement

2. The Borrower, through HMG, shall ensure that:
- (a) the procurement of Goods, Works and Services is carried out in accordance with the Procurement Policy and the Procurement Regulations;
  - (b) Goods, Works and Services shall be procured based on the detailed arrangements set forth in the Procurement Plan, including the procurement and selection methods, the type of bidding documents, and ADB's review requirements. The Borrower, through HMG, may modify the detailed arrangements set forth in the Procurement Plan only with the prior agreement of ADB, and such modifications must be set out in updates to the Procurement Plan; and
  - (c) (i) all Goods and Works procured and Services obtained (including all computer hardware, software and systems, whether separately procured or incorporated within other goods and services procured) do not violate or infringe any industrial property or intellectual property right or claim of any third party; and (ii) all contracts for the procurement of Goods, Works and Services contain appropriate representations, warranties and, if appropriate, indemnities from the contractor, supplier, consultant or service provider with respect to the matters referred to in this subparagraph.

#### Counterpart Support

3. The Borrower shall, through APG and HMG, ensure that (a) all counterpart funds are made available by the IAs in a timely manner for the implementation of the Project; and (b) operation and maintenance of all Project facilities is fully funded. In addition to the foregoing, the Borrower shall cause HMG to ensure that (i) the IAs have sufficient funds to satisfy its liabilities arising from any Works, Goods and/or Services contract, as well as additional funds to meet any shortfall or cost overruns in completing the Project and (ii) HTIC makes available funds to the Qualified Investees necessary for the Qualified Subprojects on a timely basis.

Limited Partnership

4. The Borrower shall, through HMG, cause HTIC to ensure that the Limited Partnership Agreement is signed by HTIC and HXIC and GIF is established as a limited partnership, with HTIC as the limited partner and the HXIC as the general partner. The Borrower shall through HMG, ensure that GIF's organizational structure remain the same throughout the implementation of the Project. In the event the GIF plans to (a) sell, transfer or assign any of its partnership interest; or (b) otherwise make any material organizational change, either financial or operational, where such change may have an adverse effect on its ability to perform its obligations under the Project Agreement, or the Onlending Agreement, the Borrower shall ensure that HMG, HTIC and the GIF consult with ADB at least 6 months prior to the implementation of such change. In the event any such change is agreed by ADB; the Borrower shall ensure through HMG that such change(s) is carried out in a lawful manner and does not affect repayment of the Loan made under the Loan Agreement.

Reallocation between Categories "Green Incentive Fund" and "Green Investment Fund" and Other Categories

5. Notwithstanding any provisions under the Loan Agreement, the Borrower shall ensure that in the event that the Borrower through HMG wishes to reallocate the amount allocated to the Categories 2 and 3 ["Green Incentive Fund" and "GIF"] to or from any other categories under the Allocation Table attached as Schedule 3 to this Loan Agreement, the Borrower shall submit to ADB a formal proposal with clear rationale with adequate notice so that ADB is provided sufficient time to review such proposal.