
LOAN NUMBER 3427-CAM (SF)

LOAN AGREEMENT
(Special Operations)

(Upper Secondary Education Sector Development Project)

between

KINGDOM OF CAMBODIA

and

ASIAN DEVELOPMENT BANK

DATED 6 OCTOBER 2016

CAM 47136

**LOAN AGREEMENT
(Special Operations)**

LOAN AGREEMENT dated 6 October 2016 between KINGDOM OF CAMBODIA ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) by a loan agreement of even date herewith between the Borrower and ADB ("Program Loan Agreement"), ADB has agreed to provide to the Borrower a loan from its Special Funds resources equivalent to ten million seven hundred fifty-two thousand Special Drawing Rights (SDR 10,752,000) in support of the Upper Secondary Education Sector Development Program as described in paragraph 1 of Schedule 1 to the Program Loan Agreement ("Program");

(B) in support of the Program, the Borrower has applied to ADB for a loan for the purposes of the project described in Schedule 1 to this Loan Agreement ("Project"); and

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

NOW THEREFORE the parties agree as follows:

ARTICLE I

Loan Regulations; Definitions

Section 1.01. All provisions of the Special Operations Loan Regulations of ADB, dated 1 January 2006 ("Loan Regulations"), are hereby made applicable to this Loan Agreement with the same force and effect as if they were fully set forth herein.

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) "Consulting Guidelines" means the Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers (2013, as amended from time to time);

(b) "Consulting Services" means the services to be financed out of the proceeds of the Loan as described in paragraph 3 of Schedule 1 to this Loan Agreement;

(c) "Disadvantaged Provinces" means the provinces selected for the implementation of the Project including, provinces of Koh Kong, Pailin, Otdar Meanchey, Preah Vihear, Stung Treng, Rattanakiri, Mondulhiri and such other provinces that are included under the Project with mutual agreement between ADB and MOEYS;

(d) "EA" or the "Project Executing Agency" means MOEYS or any successor thereto acceptable to ADB, which is responsible for the carrying out of the Project;

(e) "EARF" or "Environmental Assessment and Review Framework" means the environmental assessment and review framework for the Project, including any update thereto, prepared and submitted by the Borrower and cleared by ADB;

(f) "EMP" or "Environmental Management Plan" means each environmental management plan for the Project, including any updates thereto, incorporated in the 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) "GAP" means the gender action plan prepared for the Project, including any update thereto, and agreed to between MOEYS and ADB;

(i) "Goods" means equipment and materials to be financed out of the proceeds of the Loan, including related services such as transportation, insurance, installation, commissioning, training, and initial maintenance, but excluding Consulting Services;

(j) "IAs" or "Implementing Agencies" means MOEYS's Directorate General of Education and Directorate General of Policy and Planning, and NIE or any successors thereto acceptable to ADB, which are responsible for implementing the Project in accordance with the PAM;

(k) "ICT" means information and communication technology;

(l) "IEE" or "Initial Environmental Examination" means each initial environmental examination for the Project, including any updates thereto, prepared and to be prepared and submitted by the Borrower pursuant to the requirements set forth in the EARF and cleared by ADB;

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

(n) "INSET" means in-service teacher training;

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

(p) "MOEYS" means the Borrower's Ministry of Education, Youth and Sport or any successor thereto;

(q) "Network Schools" means cluster of secondary schools that are in close proximity to any SRS;

(r) "NIE" means the National Institute of Education of the Borrower;

(s) "PAM" means the project administration manual for the Project dated 04 August 2016 and agreed between the Borrower and ADB, as updated from time to time in accordance with the respective administrative procedures of the Borrower and ADB;

(t) "PRESET" means pre-service teacher training;

(u) "Project facilities" means facilities to be provided, constructed, operated, upgraded and maintained under the Project;

(v) "Procurement Guidelines" means ADB's Procurement Guidelines (2015, as amended from time to time);

(w) "Procurement Manual" means the Procurement Manual under the Standard Operating Procedures prepared by the Borrower and endorsed by ADB, which sets forth procurement-related policies and procedures for externally-financed projects and programs;

(x) "Procurement Plan" means the procurement plan for the Project dated 04 August 2016 and agreed between the Borrower and ADB, as updated from time to time in accordance with the Procurement Guidelines, the Consulting Guidelines, and other arrangements agreed with ADB (which include the Standard Operating Procedures and Procurement Manual as updated from time to time);

(y) "Safeguards Monitoring Report" means each report prepared and submitted by the Borrower to ADB that describes progress with implementation of and compliance with the EMP, the Indigenous Peoples Safeguards related measures in the PAM, including any corrective and preventative actions;

(z) "Selection Criteria" means criteria established by MOEYS to identify areas of high needs for provision of housing units to teachers under the Project as described in paragraph 2 of Schedule 5 to this Loan agreement;

(aa) "SIF" means school improvement fund to be provided under the Project;

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

(cc) "SRS" means secondary resource schools that are fully equipped with all essential upper secondary school resources;

(dd) "Standard Operating Procedures" means the standard operating procedures of the Borrower dated 22 May 2012 (as amended from time to time) providing procedures applicable to all externally-financed projects and programs;

(ee) "USE" means upper secondary education; and

(ff) "Works" means construction or civil works to be financed out of the proceeds of the Loan, including services such as drilling or mapping, and project related services that are provided as part of a single responsibility or turnkey contract, but excluding Consulting Services.

ARTICLE II

The Loan

Section 2.01. ADB agrees to lend to the Borrower from ADB's Special Funds resources an amount in various currencies equivalent to twenty-one million five hundred five thousand Special Drawing Rights (SDR 21,505,000).

Section 2.02. (a) 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.

(b) The term "grace period" as used in subsection (a) hereinabove means the period prior to the first Principal Payment Date in accordance with the amortization schedule set forth in Schedule 2 to this Loan Agreement.

Section 2.03. The interest charge and any other charge on the Loan shall be payable semiannually on 15 April and 15 October in each year.

Section 2.04. The Borrower shall repay the principal amount of the Loan withdrawn from the Loan Account in accordance with the amortization schedule set forth in Schedule 2 to this Loan Agreement.

Section 2.05. The currency of repayment of the principal amount of the Loan and the currency of payment of the interest charge for the purposes of Sections 4.03(a) and 4.04 of the Loan Regulations shall be the Dollar.

ARTICLE III

Use of Proceeds of the Loan

Section 3.01. The Borrower shall 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.

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. Except as ADB may otherwise agree, the Borrower shall cause all items of expenditure financed out of the proceeds of the Loan to be used exclusively in the carrying out of the Project.

Section 3.05. Withdrawals from the Loan Account in respect of Goods, Works, and Consulting Services shall be made only on account of expenditures relating to:

- (a) Goods which are produced in and supplied from and Works and Consulting 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
- (b) Goods, Works, and Consulting Services which meet such other eligibility requirements as shall have been specified by ADB from time to time.

Section 3.06. The Loan Closing Date for the purposes of Section 8.02 of the Loan Regulations shall be 30 June 2022 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 perform, or cause to be performed, all obligations set forth in Schedule 5 to this Loan Agreement.

Section 4.02. (a) The Borrower shall cause MOEYS to (i) maintain separate accounts and records for the Project; (ii) prepare annual financial statements for the Project 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 Project that were identified in the course of the audit, if any); and (v) furnish to ADB, no later than 6 months after the end of each related fiscal year, copies of such audited financial statements, audit report and management letter, all in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.

(b) ADB shall disclose the annual audited financial statements for the Project 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 cause MOEYS to enable ADB, upon ADB's request, to discuss the financial statements for the Project and MOEYS's financial affairs where they relate to the Project 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 MOEYS, unless MOEYS shall otherwise agree.

Section 4.03. The Borrower shall cause MOEYS to enable ADB's representatives to inspect the Project, the Goods and Works, and any relevant records and documents.

ARTICLE V

Suspension; Acceleration of Maturity

Section 5.01. The following is specified as an additional event for suspension of the right of the Borrower to make withdrawals from the Loan Account for the purposes of Section 8.01(m) of the Loan Regulations: the Borrower shall have failed to perform any of its obligations under the Program Loan Agreement.

Section 5.02. The following is specified as an additional event for acceleration of maturity for the purposes of Section 8.07(d) of the Loan Regulations: the event specified in Section 5.01 of this Loan Agreement shall have occurred.

ARTICLE VI

Effectiveness

Section 6.01. The following is specified as an additional condition to the effectiveness of this Loan Agreement for the purposes of Section 9.01(f) of the Loan Regulations: the Program Loan Agreement shall have been duly executed and delivered on behalf of the Borrower and all conditions precedent to its effectiveness (other than a condition requiring the effectiveness of this Loan Agreement) shall have been fulfilled.

Section 6.02. The following is specified as an additional matter, for the purposes of Section 9.02(d) of the Loan Regulations, to be included in the opinion or opinions to be furnished to ADB: the Program Loan Agreement has been duly executed and delivered on behalf of and is legally binding upon the Borrower in accordance with its terms.

Section 6.03. A date 90 days after the date of this Loan Agreement is specified for the effectiveness of the Loan Agreement for the purposes of Section 9.04 of the Loan Regulations.

ARTICLE VII

Miscellaneous

Section 7.01. The Minister of Economy and Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.02 of the Loan Regulations.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the Loan Regulations:

For the Borrower

Ministry of Economy and Finance
St. 92 Sangkat Wat Phnom
Khan Daun Penh
Phnom Penh, Cambodia

Facsimile Numbers:

(855 23) 427-798
(855 23) 428-424.

For ADB

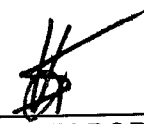
Asian Development Bank
6 ADB Avenue
Mandaluyong City
1550 Metro Manila
Philippines

Facsimile Numbers:

(632) 636-2444
(632) 636-2228.

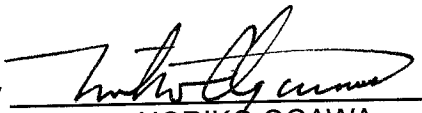
IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their respective names as of the day and year first above written and to be delivered at the principal office of ADB.

KINGDOM OF CAMBODIA

By 

H.E. DR. AUN PORNMONIROTH
Senior Minister
Minister, Ministry of Economy and
Finance

ASIAN DEVELOPMENT BANK

By 

NORIKO OGAWA
Deputy Director General
Southeast Asia Department

SCHEDULE 1

Description of the Project

1. The objective of the Project is to improve effectiveness of the Borrower's USE system.
2. The Project shall be implemented in the Disadvantaged Provinces and shall comprise:

Output 1: Access to USE Improved. This output will (a) expand education facilities offering USE including: (i) additional classrooms in approximately 10 overcrowded upper secondary schools; (ii) upgrading of about 5 lower secondary schools to offer USE, including provision of water and sanitation facilities; and (iii) repair and rehabilitation of about 11 existing upper secondary schools, including provision of water and sanitation facilities; (b) provide scholarships to outstanding science stream students at the USE level in accordance with the criteria of merit and indicators identified in the GAP; and (c) improve teacher deployment including provision of: (i) additional hardship allowance to about 938 upper secondary schools teachers; (ii) scholarships to approximately 500 eligible teacher-candidates for one year PRESET at the NIE in science and math; (iii) about 44 teacher housing units in schools selected according to the Selection Criteria; and (d) develop gender-responsive communications strategy and community awareness campaigns.

Output 2: Quality and Relevance of USE Improved. This output will (a) support review and upgrading of science, math, and ICT curriculum to align with international standards; (b) support quality review of textbook and teacher guides; (c) provide all grade 12 students with improved quality textbooks and all upper secondary school teachers with teacher guides for all grade 12 subjects; (d) improve quality of science, math and ICT teachers through (i) review of training curriculum of PRESET and INSET; and (ii) professional development of USE science, math, and ICT teacher-educators through PRESET; (e) professional development of USE science, math, and ICT teachers through INSET; and (f) upgrade about 12 upper secondary schools to SRSs with provision of a complete set of learning facilities and equipment.

Output 3: Institutional Capacity for Planning, Management, and Delivery of Education Strengthened. This output will (a) provide training to the relevant staff from MOEYS, provincial and district departments of education, and directors of SRSs and Network Schools to ensure strengthened monitoring and evaluation and effective utilization of school resources; (b) strengthen education management information system through server upgrading, database integration and provision of capacity development and technical assistance to relevant staff of MOEYS on data management and analysis; (c) provide management training to upper secondary schools management on strengthening SRS networks, optimum management and utilization of learning resources and SIF, and child friendly school policies; (d) provide SIF to approximately 48 SRSs and about 240 Network Schools with

guidelines on efficient utilization and fund liquidation; (e) provide office furniture, equipment, and staff development training to MOEYS's new departments of examinations, ICT, and policy; (f) provide support to MOEYS's Education Research Council in the production of policy briefs and journals and in organizing annual research forum; and (g) support development of financial management manual on SIF for SRSs and the Network Schools, installation of a computerized accounting system, and staff training in relevant MOEYS'S departments on the operation and maintenance of financial management system.

3. The Project will include provision of Consulting Services for Project management, implementation, and technical support.
4. The Project is expected to be completed by 31 December 2021.

SCHEDULE 2

Amortization Schedule

(Upper Secondary Education Sector Development Project)

<u>Date Payment Due</u>	<u>Payment of Principal</u> <u>(expressed in Special</u> <u>Drawing Rights)*</u>
15 October 2024	448,021.00
15 April 2025	448,021.00
15 October 2025	448,021.00
15 April 2026	448,021.00
15 October 2026	448,021.00
15 April 2027	448,021.00
15 October 2027	448,021.00
15 April 2028	448,021.00
15 October 2028	448,021.00
15 April 2029	448,021.00
15 October 2029	448,021.00
15 April 2030	448,021.00
15 October 2030	448,021.00
15 April 2031	448,021.00
15 October 2031	448,021.00
15 April 2032	448,021.00
15 October 2032	448,021.00
15 April 2033	448,021.00
15 October 2033	448,021.00
15 April 2034	448,021.00
15 October 2034	448,021.00
15 April 2035	448,021.00
15 October 2035	448,021.00
15 April 2036	448,021.00
15 October 2036	448,021.00
15 April 2037	448,021.00
15 October 2037	448,021.00
15 April 2038	448,021.00
15 October 2038	448,021.00
15 April 2039	448,021.00
15 October 2039	448,021.00
15 April 2040	448,021.00
15 October 2040	448,021.00
15 April 2041	448,021.00
15 October 2041	448,021.00
15 April 2042	448,021.00
15 October 2042	448,021.00
15 April 2043	448,021.00
15 October 2043	448,021.00
15 April 2044	448,021.00

<u>Date Payment Due</u>	<u>Payment of Principal</u> <u>(expressed in Special</u> <u>Drawing Rights)*</u>
15 October 2044	448,021.00
15 April 2045	448,021.00
15 October 2045	448,021.00
15 April 2046	448,021.00
15 October 2046	448,021.00
15 April 2047	448,021.00
15 October 2047	448,021.00
15 April 2048	448,021.00
TOTAL	21,505,000.00

* 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. 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 disbursed on the basis of the withdrawal percentage for each item of expenditure set forth in the Table.

Interest Charge

3. The amount allocated to Category 8 is for financing the interest charge on the Loan during the implementation period of the Project.

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, by notice to 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, by notice to 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.

TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Upper Secondary Education Sector Development Project)			
Number	Item	Total Amount Allocated for ADB Financing (SDR) Category	Basis for Withdrawal from the Loan Account
1	Works	6,808,000	100% of total expenditure claimed
2	Goods	2,173,000	100% of total expenditure claimed
3	Consulting Services	2,120,000	100% of total expenditure claimed
4	Scholarship, Hardship Allowance and School Improvement Fund	2,512,000	100% of total expenditure claimed
5	Capacity Development	3,829,000	100% of total expenditure claimed
6	Recurrent Cost	582,000	100% of total expenditure claimed
7	Unallocated	2,518,000	
8	Interest During Implementation	963,000	100% of total amount due
	Total	21,505,000	

SCHEDULE 4**Procurement of Goods, Works and Consulting Services**General

1. The procurement of Goods, Works and Consulting Services shall be subject to and governed by the Procurement Guidelines, and the Consulting Guidelines, respectively.
2. Except as ADB may otherwise agree, Goods and Works shall be procured and Consulting Services shall be selected and engaged only on the basis of the procurement methods and the selection methods set forth below. These methods are subject to, among other things, the detailed arrangements and threshold values set forth in the Procurement Plan. The Borrower may only modify the procurement methods and the selection methods or threshold values with the prior agreement of ADB, and modifications must be set out in updates to the Procurement Plan.
3. All terms used in this Schedule and not otherwise defined in this Loan Agreement have the meanings provided in the Procurement Guidelines and/or the Consulting Guidelines, as applicable.

Goods and Works

4. Goods and Works shall be procured on the basis of the procurement methods set forth below:
 - (a) National Competitive Bidding; and
 - (b) Shopping.

Domestic Preference

5. The Borrower may grant a margin of preference in the evaluation of bids under international competitive bidding in accordance with paragraphs 2.55(a) and 2.56 of the Procurement Guidelines for domestically manufactured Goods and paragraphs 2.55(b) and 2.56 of the Procurement Guidelines for domestic Works.

National Competitive Bidding

6. The Borrower and ADB shall ensure that, prior to the commencement of any procurement activity under national competitive bidding, the Borrower's national competitive bidding procedures are consistent with the Procurement Guidelines. Any modifications or clarifications to such procedures agreed between the Borrower and ADB shall be set out in the Procurement Plan. Any subsequent change to the agreed modifications and clarifications shall become effective only after approval of such change by the Borrower and ADB.

Conditions for Award of the Contract

7. The Borrower shall cause the EA not to award any Works contract which involves environmental impacts until:

- (a) the Borrower's Ministry of Environment has granted the final approval of the IEE, if required; and
- (b) the EA has incorporated the relevant provisions from the EMP into the Works contract.

Consulting Services

8. Except as set forth in the paragraphs below, the Borrower shall apply Quality- and Cost-Based Selection for Consulting Services.

9. The Borrower shall apply the following selection methods for the specified Consulting Services, in accordance with, among other things, the procedures set forth in the Procurement Plan:

- (a) Least-Cost Selection for designing and conduct of community awareness campaigns;
- (b) Quality-Based Selection for providing institutional capacity development, knowledge transfer and system support to MOEYS; and
- (c) Consultants' Qualification Selection for information technology support.

10. The Borrower shall recruit individual consultants for procurement and contract administration and financial management support in accordance with procedures acceptable to ADB for recruiting individual consultants.

Industrial or Intellectual Property Rights

11. (a) The Borrower shall ensure that all Goods and Works procured (including without limitation 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.

(b) The Borrower shall ensure that all contracts for the procurement of Goods and Works contain appropriate representations, warranties and, if appropriate, indemnities from the contractor or supplier with respect to the matters referred to in subparagraph (a) of this paragraph.

12. The Borrower shall ensure that all ADB-financed contracts with consultants contain appropriate representations, warranties and, if appropriate, indemnities from the consultants to ensure that the Consulting Services provided do not violate or infringe any industrial property or intellectual property right or claim of any third party.

ADB's Review of Procurement Decisions

13. First contracts procured under national competitive bidding procedures, shopping procedures and contracts for Consulting Services shall be subject to prior review by ADB, unless otherwise agreed between the Borrower and ADB and set forth in the Procurement Plan.

SCHEDULE 5

Execution of Project; Financial Matters

Implementation Arrangements

1. The Borrower the EA shall 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 the Borrower and ADB. In the event of any discrepancy between the PAM and this Loan Agreement, the provisions of this Loan Agreement shall prevail.

Selection Criteria

2. The Borrower shall cause the EA and the IAs to ensure that the housing units are provided to teachers of schools with high needs as identified by MOEYS in accordance with the criteria including: (a) schools in Disadvantaged Provinces; (b) upper secondary schools with shortage of teachers; (c) schools with teachers transferring from other areas, especially female teachers; (d) hard-to-reach schools within limited safe geographical location; (e) schools with long teaching hours; (f) schools with teachers who are poor and have low living standards; (g) schools with newly married teachers and who come from distant areas; and (h) schools with increasing student enrolment.

Scholarships for Outstanding Science Stream students

3. The Borrower shall cause the EA and the IAs to ensure that (a) scholarships to outstanding science stream students at the USE level are provided on merit based on the scores of MOEYS's qualifying exam for the said scholarships; and (b) the scholarships are provided in accordance with the indicators identified in the GAP.

PRESET Teacher Training Scholarships

4. The Borrower shall cause the EA and the IAs to ensure that MOEYS signs a bond with the recipients of one-year scholarships for PRESET at the NIE in science and math ensuring that after completing the PRESET, the scholarship recipients join an upper secondary school under MOEYS and continue teaching in such schools for at least 5 years.

Environment

5. The Borrower shall cause the EA and IAs to ensure that (a) no activity that is categorized as category A within the meaning of SPS is financed under the Project; (b) the preparation, design, construction, implementation, operation and decommissioning of the Project and all Project facilities comply with (i) all applicable laws and regulations of the Borrower relating to environment, health and safety; (ii) the Environmental Safeguards; (iii) the EARF; and (iv) all measures and requirements set forth in the IEE, the EMP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

Involuntary Resettlement Safeguards

6. The Borrower shall, and shall cause the EA and the IAs, to ensure that the Project does not have any involuntary resettlement impacts, all within the meaning of the SPS. In the event that the Project does have any such impact, the Borrower shall, and shall cause the EA and the IAs, to take all steps required to ensure that the Project complies with the applicable laws and regulations of the Borrower and with the SPS.

Indigenous Peoples

7. The Borrower shall, and shall cause the EA and the IAs, to ensure that the preparation, design, construction, implementation and operation of the Project and all Project facilities comply with (a) all applicable laws and regulations of the Borrower relating to indigenous peoples; (b) the Indigenous Peoples Safeguards; and (c) all Indigenous Peoples Safeguards related measures and requirements set forth in the PAM, and any corrective or preventative actions set forth in the Safeguards Monitoring Reports.

Human and Financial Resources to Implement Safeguards Requirements

8. The Borrower shall cause the EA to make available necessary budgetary and human resources to fully implement the EMP and all Indigenous Peoples Safeguards related measures and requirements set forth in the PAM.

Safeguards – Related Provisions in Bidding Documents and Works Contracts

9. The Borrower shall, and shall cause the EA and the IAs, to ensure that all bidding documents and contracts for Works contain provisions that require contractors to:

- (a) comply with the measures relevant to the contractor set forth in the IEE, the EMP, and all Indigenous Peoples Safeguards related measures and requirements set forth in the PAM (to the extent they concern impacts on affected people during construction), and any corrective or preventative actions set forth in a Safeguards Monitoring Report;
- (b) make available a budget for all such environmental and social measures; and
- (c) provide the Borrower with a written notice of any unanticipated environmental, resettlement or indigenous peoples risks or impacts that arise during construction, implementation or operation of the Project that were not considered in the IEE, the EMP, and the PAM.

Safeguards Monitoring and Reporting

10. The Borrower shall cause the EA to do the following:

- (a) submit quarterly Safeguards Monitoring Reports as part of the Project progress reports to ADB and disclose relevant information from such reports to affected persons promptly upon submission;

- (b) if any unanticipated environmental and/or social risks and impacts arise during construction, implementation or operation of the Project that were not considered in the PAM, promptly inform ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan; and
- (c) report any actual or potential breach of compliance with the measures and requirements set forth in the EMP and the PAM promptly after becoming aware of the breach.

Prohibited List of Investments

11. The Borrower shall cause the EA to ensure that no proceeds of the Loan are used to finance any activity included in the list of prohibited investment activities provided in Appendix 5 of the SPS.

Gender and Development

12. The Borrower shall ensure that (a) the GAP is implemented in accordance with its terms; (b) the bidding documents and contracts include relevant provisions for contractors to comply with the measures set forth in the GAP; (c) adequate resources are allocated for implementation of the GAP; and (d) progress on implementation of the GAP, including progress toward achieving key gender outcome and output targets, are regularly monitored and reported to ADB; and (e) key gender outcome and output targets include, but not limited to: (i) at least 60% female students receiving a scholarship for the highest achieving science stream students from Grades 11 and 12 beginning study year 2017-2018 in accordance with the GAP; (ii) all female teachers posted in disadvantaged provinces, including ethnic minority areas, receive additional hardship allowance over 4 years by quarter 4 of 2021; (iii) female teachers and married couples are given priority for provision of housing units in schools by quarter 4 of 2019 in accordance with the GAP; (iv) 100% females in current management positions (director, vice director and senior staff levels) receive management training; (v) at least 40% women USE teachers receive in-service training in math, science, ICT, and career counseling; (vi) at least 40% of 500 NIE fellowships are provided to female teacher candidates and/or qualified teacher training providers by quarter 4 of 2021; (vii) guidelines on the management and use of school resources include strategies to encourage participation of female education managers; and (viii) monitoring and evaluation data is disaggregated by sex and ethnicity.

Labor Standards, Health and Safety

13. The Borrower shall, and shall cause the EA and the IAs, to ensure that the core labor standards and the Borrower's applicable laws and regulations are complied with during Project implementation. The Borrower shall cause the EA to include specific provisions in the bidding documents and contracts financed by ADB under the Project requiring that the contractors, among other things: (a) comply with the Borrower's applicable labor law and regulations and incorporate applicable workplace occupational safety norms; (b) do not use child labor; (c) do not discriminate workers in respect of employment and occupation; (d) do not use forced labor; (e) allow freedom of association and effectively recognize the right to collective bargaining; and (f) disseminate, or engage appropriate

service providers to disseminate, information on the risks of sexually transmitted diseases, including HIV/AIDS, to the employees of contractors engaged under the Project and to members of the local communities surrounding the Project area, particularly women.

14. The Borrower shall strictly monitor compliance with the requirements set forth in paragraph 10 above and provide ADB with regular reports.

Counterpart Support

15. The Borrower shall ensure that all counterpart funds necessary for the Project are provided in a timely manner.

Governance and Anticorruption

16. The Borrower shall, and shall cause the EA and the IAs, to (a) comply with ADB's Anticorruption Policy (1998, as amended to date) and acknowledge that ADB reserves the right to investigate directly, or through its agents, any alleged corrupt, fraudulent, collusive or coercive practice relating to the Project; and (b) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation.

17. The Borrower shall, and shall cause the EA and the IAs, to ensure that the anticorruption provisions acceptable to ADB are included in all bidding documents and contracts, including provisions specifying the right of ADB to audit and examine the records and accounts of the executing and implementing agencies and all contractors, suppliers, consultants, and other service providers as they relate to the Project.