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LOAN NUMBER 3352-PRC

LOAN AGREEMENT  
(Ordinary Operations)

(Guizhou Vocational Education Development Program – Results-Based Lending)

between

PEOPLE'S REPUBLIC OF CHINA

and

ASIAN DEVELOPMENT BANK

DATED 16 MARCH 2016

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PRC 48101

**LOAN AGREEMENT  
(Ordinary Operations)**

LOAN AGREEMENT dated 16 March 2016 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 Guizhou Provincial Government ("GPG"), and for this purpose the Borrower will make available to GPG 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 and GPG;

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 the description thereof 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) "ADB's Results-Based Lending Policy" means ADB's policy set out in the R-Paper on Piloting Results-Based Lending for Programs approved by ADB on 6 March 2013;

(b) "Anticorruption Guidelines" means ADB's Guidelines to Prevent or Mitigate Fraud, Corruption and Other Prohibited Activities in Results-Based Lending for Programs attached as Appendix 7 to ADB's Results Based Lending Policy;

(c) "CBC" means competency based curriculum;

(d) "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;

(e) "Demonstration TVET Institutions" means the "Demonstration Schools under GVEDP" listed in the PID and any additional TVET schools in Guizhou Province that are designated as demonstration schools by the PRC Ministry of Education or by the Education Department of Guizhou Province;

(f) "Deposit Account" means the bank account into which all withdrawals from the Loan Account shall be deposited;

(g) "Disbursement Linked Indicator" or "DLI" means each disbursement linked indicator set forth in Attachment 1 of Schedule 3 to this Loan Agreement which the Borrower shall cause GPG to satisfy in order to withdraw the amount of the Loan proceeds allocated to such disbursement linked indicator in Attachment 2 of Schedule 3 to this Loan Agreement;

(h) "DLI Matrix" means the DLI matrix for the Program set forth in Attachment 1 of Schedule 3 to this Loan Agreement and agreed between the Borrower and ADB, as updated from time to time, which sets out each DLI;

(i) "DLI Verification Protocol" means the verification protocol for the Program, included in the PID which sets out the protocol for verifying the Borrower's compliance with each DLI;

(j) "Eligible Expenditures" means the total expenditures incurred by the Borrower under the Program during its FY minus the expenditures for (i) procurement of goods and services from countries which are not members of ADB, and (ii) any prohibited investment activities provided in Appendix 5 of the SPS, incurred by the Borrower under the Program during the same FY;

(k) "EIA" means an environmental impact assessment for a Demonstration TVET Institution, including any update thereto, prepared and approved by the Borrower;

(l) "EMP" means an environmental management plan for a Demonstration TVET Institution, including any update thereto, incorporated in the EIA;

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

(n) "FY" means the fiscal year of the Borrower which runs from 1 January to 31 December in each year;

(o) "GED" means the Guizhou Education Department of GPG, or any successor thereto;

(p) "GPG" means the Guizhou Provincial Government of the Borrower, or any successor thereto;

(q) "Guizhou TVET Schools and Colleges" means all TVET schools and colleges across the Province;

(r) "Guizhou TVET Plan" means the Guizhou Modern TVET System Establishment Plan, 2013-2020, a part of which shall be supported by the Program;

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

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

(v) "PAP" means the program action plan for the Program, included in the PID, and agreed between the Borrower and ADB, as updated from time to time;

(w) "PID" means the program implementation document for the Program dated 6 November 2015 and agreed between the Borrower and ADB, as updated from time to time;

(x) "PMO" means the program management office to be established for the Program which shall be responsible for the day-to-day coordination, management and monitoring of the progress of the Program;

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

(z) "Program facilities" means any facilities to be constructed, provided, upgraded, operated and/or maintained under the Program;

(aa) "Province" means the Borrower's Guizhou Province;

(bb) "PSSA" means Program Safeguard Systems Assessment;

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

(dd) "TVET" means technical and vocational education and training; and

(ee) "Works" means construction or civil works supported under the Program.

## ARTICLE II

### The Loan

Section 2.01. (a) ADB agrees to lend to the Borrower from ADB's ordinary capital resources an amount of one hundred fifty million Dollars (\$150,000,000) 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 paragraph (c) of this Section.

(c) The term "grace period" as used in paragraph (b) of this Section 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 determined 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. The Borrower shall pay the interest charge and other charges on the Loan 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 paragraph (a) of this Section 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 to GPG upon terms and conditions satisfactory to ADB; (b) cause GPG to apply such proceeds to the financing of expenditures on the Program in accordance with the provisions of this Loan Agreement and the Program Agreement; and (c) ensure that the proceeds of the Loan are 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 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 Borrower shall cause GPG 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.

Section 3.04. The Borrower shall ensure that in any FY the amount of Eligible Expenditures is at least equal to or exceeds the proceeds of the Loan withdrawn by the Borrower in the same FY.

Section 3.05. The Loan Closing Date for the purposes of Section 8.02 of the Loan Regulations shall be 30 June 2020 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 shall cause the Program to be carried out by GPG with due diligence, economy, efficiency, transparency and accountability 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 GPG to perform, all obligations set forth in Schedule 4 to this Loan Agreement and the Program Agreement.

Section 4.02. The Borrower shall make available, or cause to be made available, promptly as needed the funds, facilities, services, land and other resources, as required, in addition to the proceeds of the Loan for the carrying out of the Program and for the operation and maintenance of the Program facilities.



Section 4.03. The Borrower shall ensure, and shall cause GPG to ensure, that the activities of its 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 Guizhou TVET Plan, 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 Guizhou TVET Plan or the Loan.

Section 4.05. The Borrower shall take all actions which shall be necessary on its part to enable GPG to perform its obligations under the Program Agreement, and shall not take or permit any action which would interfere with the performance of such obligations.

## ARTICLE V

### Effectiveness

Section 5.01. 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 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

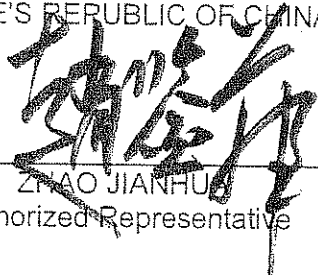
Facsimile Numbers:

+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

  
ZHAO JIANHUA

Authorized Representative

ASIAN DEVELOPMENT BANK

By

  
AYUMI KONISHI

Director General  
East Asia Department

## SCHEDULE 1

### Description of the Program

1. The objective of the Program is to support the Guizhou TVET Plan to develop an inclusive and responsive TVET system.

2. The Program shall support part of the Guizhou TVET Plan in the following areas:

#### **Output 1: Strengthened Quality of Teaching in TVET Institutions by**

- (a) increasing the number of practical training facilities in the Demonstration TVET Institutions; and
- (b) training teachers in Guizhou TVET Schools and Colleges to strengthen the knowledge and pedagogical skills of teachers, including training for development of (i) CBC with associated learning materials; (ii) knowledge of relevant industry occupational standards; and (iii) use of student-centered teaching strategies including the use of information and communication technology for teaching.

#### **Output 2: Improved Responsiveness of TVET Institutions by**

- (a) developing updated CBC with associated learning materials and teachers' guides; and
- (b) further training of teachers through school-enterprise cooperation to enhance their knowledge and practical skills.

#### **Output 3: Strengthened TVET Management Capacity by**

- (a) training managers in the Demonstration TVET Institutions to improve capacity for implementing TVET reforms at the institutional level;
- (b) establishing and strengthening a provincial TVET management and monitoring system, including an integrated management information system platform to improve program planning and coordination; and
- (c) improving provincial level inter-departmental coordination between several departments and institutions responsible for TVET.

3. The Program is expected to be completed by 31 December 2019.

## SCHEDULE 2

### Amortization Schedule (Guizhou Vocational Education Development Program – 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.

Date Payment Due	Installment Share (Expressed as a %)
1 June 2021	2.380952
1 December 2021	2.380952
1 June 2022	2.380952
1 December 2022	2.380952
1 June 2023	2.380952
1 December 2023	2.380952
1 June 2024	2.380952
1 December 2024	2.380952
1 June 2025	2.380952
1 December 2025	2.380952
1 June 2026	2.380952
1 December 2026	2.380952
1 June 2027	2.380952
1 December 2027	2.380952
1 June 2028	2.380952
1 December 2028	2.380952
1 June 2029	2.380952
1 December 2029	2.380952
1 June 2030	2.380952
1 December 2030	2.380952
1 June 2031	2.380952
1 December 2031	2.380952
1 June 2032	2.380952
1 December 2032	2.380952
1 June 2033	2.380952
1 December 2033	2.380952
1 June 2034	2.380952
1 December 2034	2.380952
1 June 2035	2.380952
1 December 2035	2.380952

1 June 2036	2.380952
1 December 2036	2.380952
1 June 2037	2.380952
1 December 2037	2.380952
1 June 2038	2.380952
1 December 2038	2.380952
1 June 2039	2.380952
1 December 2039	2.380952
1 June 2040	2.380952
1 December 2040	2.380952
1 June 2041	2.380952
1 December 2041	2.380968
Total	100.000000

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

(a) To the extent that any proceeds of the Loan shall have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the amount withdrawn and outstanding as of such date in accordance with paragraph 1 of this Schedule.

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

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

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the withdrawn principal amount of the Loan to an Approved Currency, the amount so converted in said Approved Currency that shall be repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by ADB by multiplying such amount in its currency of denomination immediately prior to said Conversion by either: (i) the exchange rate that reflects the amounts of principal in said Approved Currency payable by ADB under the Currency Hedge Transaction relating to said Conversion; or (ii) if ADB so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

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

### SCHEDULE 3

#### Withdrawal of Loan Proceeds

##### General

1. Except as ADB may otherwise agree, the following provisions of this Schedule shall apply to the withdrawal of Loan proceeds from the Loan Account.

##### Deposit Account

2. The Borrower shall, after the Loan becomes effective and prior to submitting the first application to ADB for withdrawal from the Loan Account, cause GPG, through the Guizhou Provincial Finance Bureau, to open a dedicated account at a bank acceptable to ADB to serve as the Deposit Account into which all withdrawals from the Loan Account shall be deposited. The currency of the account shall be the Dollar. The Deposit Account is to be used exclusively for the purposes of the Program. The Deposit Account shall be established, managed and liquidated in accordance with terms and conditions satisfactory to ADB.

##### Basis for Withdrawal from the Loan Account

3. The initial application for withdrawal from the Loan Account shall be submitted after successful verification of achievement of prior results as stated in the DLI Matrix.
4. Except as provided in paragraph 9 of this Schedule 3, prior to submitting any application for withdrawal from the Loan Account for a DLI, the Borrower, through GPG, shall submit for ADB's approval, satisfactory evidence as required under the DLI Verification Protocol that such DLI has been fully or partially achieved, as applicable. Upon ADB's confirmation that the DLI has been fully or partially achieved, the Borrower, through GPG, may submit an application for withdrawal of the corresponding Loan proceeds for such DLI.
5. No withdrawal shall be made or permitted from the Loan Account for any DLI unless ADB is satisfied that GPG continues to comply with all DLIs that were previously met and for which Loan proceeds have been disbursed.
6. Throughout the Program period, the Borrower shall, through GPG, submit any information on the Program that ADB may require from time to time to assess and calculate the value of Eligible Expenditures.

##### Advanced Financing and Financing for Prior Results

7. (a) Prior to the achievement of any DLIs, withdrawals from the Loan Account may be made for the purposes of meeting the Program's financing requirements and supporting the achievement of DLIs. Withdrawals for such advanced financing may be made from time to time during Program implementation; provided that (i) the outstanding advanced financing amount shall not, at any time, exceed 25% of the Loan amount; and (ii) the aggregate outstanding advanced financing amount and the Loan amount withdrawn for financing prior results as set out in Attachment 2 of Schedule 3 to this Loan Agreement shall not, at any time, exceed 30% of the Loan amount.



(b) ADB shall deduct the withdrawn advanced financing amounts from the Loan amounts allocated for subsequent DLIs.

(c) In the event that any DLIs have not been achieved by the Completion Date, the Borrower shall, within 6 months of the Completion Date, refund to ADB any outstanding advanced financing amount or part thereof which corresponds to the Loan amount allocated under Attachment 2 of Schedule 3 to this Loan Agreement for the DLIs which have not been achieved.

(d) Partial disbursements are allowed as provided in the DLI Verification Protocol without amendment to this Loan Agreement. Once the remaining targets are met for any partially met DLI, the balance of disbursement allocation for the DLI can be disbursed.

#### Reallocation

8. The years indicated for disbursement in the table in Attachment 2 to this Schedule 3 are indicative only and shall not restrict disbursement on account of any DLI targets achieved ahead of or later than the expected year. In the event the Borrower achieves a DLI target earlier or later than targeted, the Borrower shall be entitled to seek disbursement for such DLI, and ADB shall make disbursement for such DLI, without amendment to this Loan Agreement.

9. Notwithstanding the allocation of Loan proceeds set forth in Attachment 2 to this Schedule, if the amount of Loan proceeds allocated to any DLI appears to be insufficient or excessive for any reason whatsoever, the Borrower and ADB may by agreement reallocate such shortfall or excess amount to any other DLI.

#### Disbursement Procedures

10. Except as ADB may otherwise agree, the Loan proceeds shall be disbursed in accordance with the Loan Disbursement Handbook. The Borrower shall submit the supporting documents specified in paragraph 4 of this Schedule 3 in lieu of the supporting documents required under the Loan Disbursement Handbook.

## Disbursement Linked Indicators

## 1. Outcome: An Inclusive and Responsive TVET System

DLIs	Prior Results (2015)	2016	2017	2018	2019
DLI 1 Demonstration TVET Institutions produce skilled graduates relevant to Guizhou's economic growth.	n/a		32,000	33,000	34,000

## 2. Output 1: Quality of Teaching in TVET Institutions Strengthened

DLIs	Prior Results (2015)	2016	2017	2018	2019
DLI 2 Better facilities for quality practical training in the Demonstration TVET Institutions.	At least 8 Demonstration TVET Institutions submit to GED their Training Base Construction/Up-gradation Plans. <sup>1</sup>	At least 5 detailed designs for their respective practical training bases and construction are prepared by the Demonstration TVET Institutions that submitted plans, and construction	5 practical training bases for which construction commenced in 2016 are completed. Additional 5 detailed designs for their respective practical training bases are	5 practical training bases for which construction commenced in 2017 are completed. Additional 5 detailed designs for their respective practical training bases are	

<sup>1</sup> As described in the PID

DLIs	Prior Results (2015)	2016	2017	2018	2019
		commenced only after securing requisite construction permits.	prepared by Demonstration TVET Institutions that have submitted plans, and construction has commenced only after securing requisite construction permits.	prepared by Demonstration TVET Institutions that have submitted plans, and construction has commenced and been completed only after securing requisite construction permits.	
DLI 3 Teachers trained in pedagogy and subject knowledge across Guizhou TVET Schools and Colleges.	GED prepares Provincial Teachers' Training Plan. <sup>2</sup>	2,000 teachers trained in pedagogy and subject knowledge across Guizhou TVET Schools and Colleges according to the Teachers' Training Plan.	Additional 2,000 teachers trained in pedagogy and subject knowledge across Guizhou TVET Schools and Colleges according to the Teachers' Training Plan.	Additional 2,000 teachers trained in pedagogy and subject knowledge across Guizhou TVET Schools and Colleges according to the Teachers' Training Plan.	Additional 2,000 teachers trained in pedagogy and subject knowledge across Guizhou TVET Schools and Colleges according to the Teachers' Training Plan, to complete training of 8,000 teachers.

<sup>2</sup> As described in the PID

DLIs	Prior Results (2015)	2016	2017	2018	2019
					Of the aggregate number of teachers to have completed training under the Teachers' Training Plan, 40% are women and 30% are from ethnic minorities.

### 3. Output 2: Responsiveness of TVET Institutions Improved

DLIs	Prior Results (2015)	2016	2017	2018	2019
DLI 4 Industry-responsive CBC with associated learning materials and teachers' guides developed and implemented by the Demonstration TVET Institutions for selected majors.	8 Demonstration TVET Institutions provide their CBC development plans <sup>3</sup> to GED for GED collation and endorsement.	All 8 Demonstration TVET Institutions that submitted plans in 2015 initiate development of the CBC in at least 2 majors each.	All 8 Demonstration TVET Institutions that submitted plans in 2015 complete development of the CBC in at least 2 majors each.	All 8 Demonstration TVET Institutions that submitted plans in 2015 prepare associated learning materials and teachers' guides.	

<sup>3</sup> As described in the PID

## 4. Output 3: TVET Management Capacity Strengthened

DLIs	Prior Results (2015)	2016	2017	2018	2019
DLI 5 Managers trained in the Demonstration TVET Institutions.	GED prepares Management Training Plan <sup>4</sup> targeting at least 800 managers.	200 managers targeted in the Management Training Plan are trained.	Additional 200 managers targeted in the Management Training Plan are trained.	Additional 200 managers targeted in the Management Training Plan are trained.	Additional 200 managers targeted in the Management Training Plan are trained to complete training of 800 managers.  Of the aggregate number of managers to have completed training under the Management Training Plan, 20% are women and 20% are members of ethnic minorities.

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<sup>4</sup> As described in the PID

DLIs	Prior Results (2015)	2016	2017	2018	2019
DLI 6 Provincial TVET management and monitoring system established.	GPG establishes a PMO with adequate capacity to implement the Program in an effective and timely manner.  GPG prepares and approves a Program Management Manual <sup>5</sup> .	GPG develops an integrated management information system platform.	PMO conducts effective and timely monitoring and reporting using data from the platform.	GED's Planning Division becomes responsible for the integrated management information system.	

<sup>5</sup> As described in the PID

Table

Allocation and Withdrawal of Loan Proceeds (Guizhou Vocational Education Development Program- Results-Based Lending)						
Disbursement Linked Indicators	Total ADB Financing Allocation	Financing for Prior Results	2016	2017	2018	2019
DLI No 1	15,000,000			4,500,000	4,500,000	6,000,000
DLI No 2	30,000,000	7,500,000	7,500,000	7,500,000	7,500,000	
DLI No 3	30,000,000	4,500,000	9,000,000	9,000,000	5,500,000	2,000,000
DLI No 4	22,500,000	7,500,000	4,500,000	4,500,000	6,000,000	
DLI No 5	22,500,000	3,000,000	7,500,000	6,000,000	4,000,000	2,000,000
DLI No 6	30,000,000	7,500,000	7,500,000	7,500,000	7,500,000	
Total	150,000,000	30,000,000	36,000,000	39,000,000	35,000,000	10,000,000

## SCHEDULE 4

### Execution of Program

#### Implementation Arrangements

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

#### DLI Actions and Dialogue

2. The Borrower shall, through GPG, ensure that all DLIs under the Program, as set forth in the DLI Matrix, continue to be in effect for the duration of the Guizhou TVET Plan.

3. The Borrower shall and shall cause GPG to share with ADB information concerning policy discussions with other multilateral and bilateral aid agencies that may have implications for the implementation of the Program and shall provide and shall cause GPG to provide ADB with an opportunity to comment on any resulting policy proposals. The Borrower shall take into account ADB's views before finalizing and implementing any such proposal.

#### Procurement

4. The Borrower shall and shall cause GPG to ensure that the Program includes no activities which involve (a) procurement of works, turnkey, supply or installation contracts estimated to cost \$50,000,000 equivalent or more per contract; (b) procurement of goods contracts estimated to cost \$30,000,000 equivalent or more per contract; (c) information technology or non-consulting services contracts estimated to cost \$20,000,000 equivalent or more per contract; or (d) consultants' services contracts estimated to cost \$15,000,000 equivalent or more per contract.

#### Governance and Anticorruption

5. The Borrower shall and shall cause GPG to (a) ensure that the Program complies with the provisions of the Anti-Corruption Guidelines and shall take and cause GPG to take all appropriate and timely measures to prevent, detect and respond to allegations of fraud, corruption, or any other prohibited activities in accordance with the Anti-Corruption Guidelines; and (b) promptly inform ADB of any allegations of fraud, corruption, or any other prohibited activities relating to the Program.