Loan Agreement

(Learning, Equity and Accountability Program Support Project)

between

REPUBLIC OF THE PHILIPPINES

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated April 10, 2014
AGREEMENT dated April 10, 2014, between the REPUBLIC OF THE PHILIPPINES ("Borrower") and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank"). The Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of three hundred million Dollars ($300,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Agreement ("Loan"), to assist in financing the Project described in Schedule 1 to this Agreement.

2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.

2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Variable Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty (30) days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (e) of the General Conditions.

2.05. The Payment Dates are March 15 and September 15 in each year.
2.06. The principal amount of the Loan shall be repaid in accordance with the provisions of Schedule 3 to this Agreement.

2.07. (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, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to: (A) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; or (B) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread, or vice versa; or (C) all of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and (iii) the setting of limits on the Variable Rate or the Reference 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 the Variable Rate or the Reference Rate.

(b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a “Conversion”, as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.05 (c) of the General Conditions up to the amount allocated from time to time for the purpose in the table in Section IV of Schedule 2 to this Agreement.

ARTICLE III — PROJECT

3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall carry out the Project through its Department of Education in accordance with the provisions of Article V of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall,
through its Department of Education, ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — TERMINATION

4.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Borrower’s Representative is its Secretary of Finance.

5.02. The Borrower’s Address is:

    Department of Finance
    Department of Finance Building
    Bangko Sentral Complex
    Roxas Blvd.
    Manila, Philippines

    Facsimile:

    (63-2) 523-9216

5.03. The Bank’s Address is:

    International Bank for Reconstruction and Development
    1818 H Street, N.W.
    Washington, D.C. 20433
    United States of America

    Facsimile:

    1-202-477-6391
AGREED at District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF THE PHILIPPINES

By

[Signature]

Authorized Representative

Name: Cesar Purisima
Title: Secretary

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

[Signature]

Authorized Representative

Name: Axel van Trotsenburg
Title: Vice President
SCHEDULE 1

Project Description

The objective of the Project is to improve the quality of grades 1 to 3 reading and math skills of children in Target Regions and Target Schools, with a special focus on those belonging to Target Disadvantaged Groups.

The Project supports the Program and consists of the following parts:

Part 1. Improvement of Teaching and Learning in Grades 1 to 3 Reading and Math

1.1 Improvement of Early Grade Reading and Math Assessment in Selected Mother Tongues. Development of tools in each Selected Mother Tongue for assessing the reading and math skills of grades 1 to 3 students in the Target Schools.

1.2 Professional Development of Key Personnel in the Target Regions to Enhance Capability in Teaching Grades 1 to 3 Reading and Math. Design and delivery of training modules for teachers and school principals on teaching early grade math and reading, administering and applying grades 1 to 3 reading and math assessment tools, developing general classroom assessment and observation techniques, and other professional development and mentoring activities for teachers in elementary schools in the Target Regions.

1.3 Institutionalization of Early Grade Reading and Math Program. Development of a policy on the utilization and application of early grade reading and math assessment tools, development of a comprehensive and reliable linguistic map of the Target Regions to help make informed decisions on material distribution and contextualize assessment results, and development of policies and guidelines to include early grade reading and math assessment in the teacher induction program of DepEd.

Part 2. Strengthening of Accountability and Incentives of Department of Education Employees

2.1 Development of Enabling Mechanisms to Enhance the Effectiveness of Implementation of the Borrower's Performance Incentive Scheme. Carrying out of information dissemination activities in the Target Regions on the implementation of the Borrower’s Performance Incentive Scheme in the education sector, and development of performance monitoring for the purposes of implementation of the scheme.
2.2 Improvement of School Reporting and Feedback Mechanism. Revision of school report cards and institutionalization of their use in the Target Schools.

2.3 Strengthening of the Department of Education's Financial Management Capability. Development and implementation of systematic approaches to addressing long-standing financial management issues in the education sector, including a codification and dissemination of financial management policies, rules and internal and external controls, streamlining of financial reporting requirements, carrying out of relevant training to financial management personnel in the education sector, and carrying out of consultations and consensus-building with relevant oversight agencies on critical financial management issues.

Part 3. Improvement of Program Design for Targeting Disadvantaged Groups

3.1 Improvement of Targeting of Disadvantaged Groups in the Target Regions. Carrying out of activities to improve the quality and availability of data related to the education of disadvantaged groups in the Target Regions in order to determine the extent of their access to basic education services and inform targeted policy decisions and programs.

3.2 Expansion of Knowledge Base on Selected Education Programs Targeting Disadvantaged Groups, and Improvement of Program Design and Implementation Capabilities. Review of the design, budget and performance of selected ongoing education programs which are serving the Target Disadvantaged Groups, for the purpose of redesign of such programs based upon such reviews, and carrying out of other activities designed to introduce substantial improvements in the implementation of such programs.
SCHEDULE 2

Project Execution

Section I. Institutional and Implementation Arrangements

A. Institutional Arrangements

The Borrower shall maintain, throughout the period of implementation of the Project:

1. an executive committee, chaired by the Secretary of Education, assigned with functions, membership and responsibilities for the Project, satisfactory to the Bank, to be responsible for providing overall guidance and oversight of implementation of the Project;

2. a project management office within the Department of Education, assigned with functions, responsibilities and resources for the Project, satisfactory to the Bank, and with competent staff in adequate numbers, to be responsible for the overall coordination of the Project activities; and

3. the operational units of the Department of Education at central, region, division, and school levels, assigned with functions, responsibilities and resources for the Project, satisfactory to the Bank, and with competent staff in adequate numbers, to be responsible for implementation of Project activities at their respective levels.

B. DLI Verification Protocol; DLI Verification Agent

1. The Borrower shall carry out the Project, and monitor and report on the achievement of the Disbursement Linked Indicators, not later than February 15 and August 15 of each year during the implementation of the Project, in accordance with the arrangements and procedures set out in the DLI Verification Protocol (provided, however, that in case of any conflict between the arrangements and procedures set out in the DLI Verification Protocol and the provisions of this Agreement, the provisions of this Agreement shall prevail), and shall not amend, abrogate or waive the DLI Verification Protocol or any of its provisions without prior approval in writing by the Bank.

2. Without limitation to the foregoing, the Borrower shall: (a) appoint, not later than December 15, 2014, and thereafter retain for the duration of the Project, an independent DLI verification agent having qualifications and terms of reference acceptable to the Bank to verify the achievement of selected Disbursement Linked Indicators as provided in Schedule 4 to this Agreement and the DLI
Verification Protocol; (b) cause said agent to verify the status of achievement of the relevant DLIs under terms of reference acceptable to the Bank, not later than February 15 and August 15 of each year during the implementation of the Project, commencing February 15, 2015; and (c) furnish to the Bank in each year the DL1 verification reports of said agent of scope and detail acceptable to the Bank.

C. Indigenous Peoples Planning Framework

The Borrower shall carry out the Project, and ensure that the Target Schools carry out their respective activities under the Project, in accordance with the Indigenous Peoples Planning Framework, and shall not amend, abrogate or waive the Indigenous Peoples Planning Framework or any of its provisions without prior approval in writing by the Bank.

D. Anti-Corruption

The Borrower shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports; Mid-Term Review

1. The Borrower shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of indicators acceptable to the Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than forty five (45) days after the end of the period covered by such report.

2. The Borrower shall: (a) prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank, on or about June 30, 2016, a report ("Mid-Term Report") on the progress achieved in the carrying out of the Project, including the achievement of the DLIs and disbursements under the Project, during the period preceding the date of said report, integrating the results of the monitoring and evaluation performed pursuant to paragraph 1 of this Part, and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date, including any proposed modifications to the DLIs; and (b) review jointly with the Bank, by July 31, 2016, or such later date as the Bank shall request, the report referred to in the preceding sub-paragraph, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of
the objectives thereof, based on the conclusions and recommendations of the said report and the Bank’s views on the matter.

B. Financial Management, Financial Reports and Audits

1. The Borrower shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Borrower shall prepare and furnish to the Bank, not later than 45 days after the end of each calendar semester, interim unaudited financial reports (“IFRs”) for the Project covering the semester, in form and substance satisfactory to the Bank, including the spending status of the Eligible Expenditure Program under the Project.

3. The Borrower shall have its Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six months after the end of such period.

Section III. Procurement

A. General

1. Goods and Non-consulting Services. All goods and non-consulting services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. Consultants’ Services. All consultants’ services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.

3. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.
B. Particular Methods of Procurement of Goods and Non-consulting Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services in accordance with the Procurement Guidelines: (a) National Competitive Bidding, following the procedures of the Philippine Procurement Law and Regulations and subject to the additional provisions set forth in paragraph 3 below; and (b) Shopping.

3. The following additional provisions shall apply to any contracts for goods and non-consulting services procured on the basis of National Competitive Bidding:

   (a) Eligibility screening shall not be applied. However, bids that do not contain any of the following documents shall not pass the documentary compliance check: (i) evidence of the required financial, technical or production capability; (ii) audited financial statements; (iii) credit line or cash deposit certificate; (iv) bid security; and (v) authority of the bid signatory.

   (b) A ceiling may be applied to bid prices provided the following conditions are met: (i) bidding documents are obtainable free of charge on a freely accessible website; (ii) the agency has procedures in place to ensure that the ABC is based on Engineer’s Estimate; (iii) the agency has trained cost estimators on estimating prices and analyzing bid variance; and (iv) the agency has established a system to monitor and report bid prices relative to ABC and Engineer’s Estimate.

   (c) Domestic or regional preferences shall not be applied in the evaluation of bids, and other preference in effect in the Philippines shall not be used except with prior concurrence of the Bank.

   (d) Foreign suppliers and contractors shall be allowed to participate, if interested, without first being required to associate with, or enter into joint venture, with local firms. Moreover, foreign bidders shall be allowed to bid, even without registration, licensing, and other government authorizations, leaving these requirements for after award and before signing of contract.

   (e) Alternative procurement methods defined in the Philippine Procurement Law and Regulations such as limited source bidding, direct contracting
and shopping are acceptable. The use of the other alternative methods shall require prior Bank concurrence.

C. **Particular Methods of Procurement of Consultants' Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

2. **Other Methods of Procurement of Consultants’ Services.** The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants’ services in accordance with the Consultant Guidelines: (a) Quality-based Selection; (b) Selection based on Consultants’ Qualifications; (c) Single-source Selection of consulting firms; (d) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (e) Single-source procedures for the Selection of Individual Consultants.

D. **Review by the Bank of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Bank’s Prior Review. All other contracts shall be subject to Post Review by the Bank.

Section IV. **Withdrawal of Loan Proceeds**

A. **General**

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan (“Category”), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be financed (Inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments under the Eligible Expenditures Programs as follows:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) First scheduled disbursement (on or after the Effective Date)</td>
<td>20,650,000</td>
<td>100%</td>
</tr>
<tr>
<td>(b) Second scheduled disbursement (on or after October 1, 2014)</td>
<td>11,000,000</td>
<td></td>
</tr>
<tr>
<td>(c) Third scheduled disbursement (on or after April 1, 2015)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(d) Fourth scheduled disbursement (on or after October 1, 2015)</td>
<td>123,350,000</td>
<td></td>
</tr>
<tr>
<td>(e) Fifth scheduled disbursement (on or after April 1, 2016)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(f) Sixth scheduled disbursement (on or after October 1, 2016)</td>
<td>92,000,000</td>
<td></td>
</tr>
<tr>
<td>(g) Seventh scheduled disbursement (on or after April 1, 2017)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(h) Eighth scheduled disbursement (on or after October 1, 2017)</td>
<td>52,250,000</td>
<td></td>
</tr>
<tr>
<td>(i) Ninth scheduled disbursement (on or after April 1, 2018)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2) Front-end Fee</td>
<td>750,000</td>
<td>Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions</td>
</tr>
<tr>
<td>(3) Interest Rate Cap or Interest Rate Collar premium</td>
<td>0</td>
<td>Amount due pursuant to Section 2.07(c) of this Agreement</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>300,000,000</td>
<td></td>
</tr>
</tbody>
</table>
B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

   (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed $20,650,000 equivalent may be made under Category 1(a) for the reimbursement of Eligible Expenditures under the Eligible Expenditure Programs paid prior to this date but on or after July 1, 2013, subject to fulfillment of the relevant withdrawal conditions specified in sub-paragraph (b) of this paragraph:

   (b) for payments made under Category (1)(a) until the date of this Agreement, unless the Borrower shall have:

      (i) furnished evidence satisfactory to the Bank that the Borrower has achieved the relevant DLIs specified in the Column entitled Period 1 in the table in Schedule 4 to this Agreement, during the period from July 1, 2013 to the date of this Agreement; and

      (ii) complied with the additional instructions referred to in Section IV.A.1 of this Schedule, including furnished to the Bank the IFRs covering the period from July 1, 2013 to the date of this Agreement, showing the Minimum EEPs for the respective DLIs incurred during the Minimum EEPs Period;

   (c) for payments made under Category (1)(b) until October 1, 2014, unless the Borrower shall have:

      (i) furnished evidence satisfactory to the Bank that the Borrower has achieved the relevant DLIs specified in the Column entitled Period 1 in the table in Schedule 4 to this Agreement, during the period from the date of this Agreement to June 30, 2014; and

      (ii) complied with the additional instructions referred to in Section IV.A.1 of this Schedule, including furnished to the Bank the IFRs covering the period from the date of this Agreement to June 30, 2014, showing the Minimum EEPs for the respective DLIs incurred during the Minimum EEPs Period;

   (d) for payments made under Category (1)(c) until April 1, 2015, unless the Borrower shall have:
(i) furnished evidence satisfactory to the Bank that the Borrower has achieved the relevant DLIs specified in the Column entitled Period 1 in the table in Schedule 4 to this Agreement, during the period from July 1 to December 31, 2014; and

(ii) complied with the additional instructions referred to in Section IV.A.1 of this Schedule, including furnished to the Bank the IFRs covering the period from July 1 to December 31, 2014, showing the Minimum EEPs for the respective DLIs incurred during the Minimum EEPs Period;

(e) for payments made under Category (1)(d) until October 1, 2015, unless the Borrower shall have:

(i) furnished evidence satisfactory to the Bank that the Borrower has achieved the relevant DLIs specified in the Column entitled Period 2 in the table in Schedule 4 to this Agreement, during the period from January 1 to June 30, 2015; and

(ii) complied with the additional instructions referred to in Section IV.A.1 of this Schedule, including furnished to the Bank the IFRs covering the period from January 1 to June 30, 2015, showing the Minimum EEPs for the respective DLIs incurred during the Minimum EEPs Period;

(f) for payments made under Category (1)(e) until April 1, 2016, unless the Borrower shall have:

(i) furnished evidence satisfactory to the Bank that the Borrower has achieved the relevant DLIs specified in the Column entitled Period 2 in the table in Schedule 4 to this Agreement, during the period from July 1 to December 31, 2015; and

(ii) complied with the additional instructions referred to in Section IV.A.1 of this Schedule, including furnished to the Bank the IFRs covering the period from July 1 to December 31, 2015, showing the Minimum EEPs for the respective DLIs incurred during the Minimum EEPs Period;

(g) for payments made under Category (1)(f) until October 1, 2016, unless the Borrower shall have:

(i) furnished evidence satisfactory to the Bank that the Borrower has achieved the relevant DLIs specified in the Column entitled
Period 3 in the table in Schedule 4 to this Agreement, during the period from January 1 to June 30, 2016; and

(ii) complied with the additional instructions referred to in Section IV.A.1 of this Schedule, including furnished to the Bank the IFRs covering the period from January 1 to June 30, 2016, showing the Minimum EEPs for the respective DLIs incurred during the Minimum EEPs Period;

(h) for payments made under Category (1)(g) until April 1, 2017, unless the Borrower shall have:

(i) furnished evidence satisfactory to the Bank that the Borrower has achieved the relevant DLIs specified in the Column entitled Period 3 in the table in Schedule 4 to this Agreement, during the period from July 1 to December 31, 2016; and

(ii) complied with the additional instructions referred to in Section IV.A.1 of this Schedule, including furnished to the Bank the IFRs covering the period from July 1 to December 31, 2016, showing the Minimum EEPs for the respective DLIs incurred during the Minimum EEPs Period;

(i) for payments made under Category (1)(h) until October 1, 2017, unless the Borrower shall have:

(i) furnished evidence satisfactory to the Bank that the Borrower has achieved the relevant DLIs specified in the Column entitled Period 4 in the table in Schedule 4 to this Agreement, during the period from January 1 to June 30, 2017; and

(ii) complied with the additional instructions referred to in Section IV.A.1 of this Schedule, including furnished to the Bank the IFRs covering the period from January 1 to June 30, 2017, showing the Minimum EEPs for the respective DLIs incurred during the Minimum EEPs Period; and

(j) for payments made under Category (1)(i) until April 1, 2018, unless the Borrower shall have:

(i) furnished evidence satisfactory to the Bank that the Borrower has achieved the relevant DLIs specified in the Column entitled Period 4 in the table in Schedule 4 to this Agreement, during the period from July 1 to December 31, 2017; and
(ii) complied with the additional instructions referred to in Section IV.A.1 of this Schedule, including furnished to the Bank the IFRs covering the period from July 1 to December 31, 2017, showing the Minimum EEPs for the respective DLIs incurred during the Minimum EEPs Period.

2. Notwithstanding the foregoing:

(a) If the Bank has been satisfied that any of the DLIs have been achieved prior to the DLI Achievement Date for purposes of disbursement of Loan proceeds under any of the Categories, then the Bank may, for each DLI that has been so achieved, authorize the withdrawal of an amount of the Loan equivalent to the DLI Value of such DLI at the next scheduled disbursement date immediately following the verified achievement of such DLI; provided that the Borrower has furnished to the Bank evidence showing the incurrence of Minimum EEPs during the Minimum EEP Period corresponding to the DLI Value of such DLI;

(b) if the Bank has not been satisfied that any of the DLIs have been achieved by the DLI Achievement Date for purposes of disbursement of Loan proceeds under any of the Categories, then the Bank may, for each DLI that has not been so achieved, withhold an amount of the Loan equivalent to the DLI Value of such DLI;

(c) if the Bank is satisfied that a particular DLI has been achieved after the DLI Achievement Date, but within twelve (12) months of such DLI Achievement Date (but in no case after the Closing Date), then the Bank may authorize the withdrawal of the amount of the Loan withheld pursuant to sub-paragraph (a) above under the relevant Category, in an amount not to exceed the relevant DLI Value;

(d) if, at any time after the Mid-Term Review, the Bank has not been satisfied that any particular DLI has been achieved within twelve months after the DLI Achievement Date or by the Closing Date, whichever is earlier, the Bank, may by notice to the borrower after cancel the amount of the Loan corresponding to the relevant DLI Value;

(e) if at any time the Bank has not been satisfied that any Scalable DLI has been fully achieved for purposes of disbursement of Loan proceeds under any of the Categories, but is satisfied that such Scalable DLI has been achieved at or above the minimum threshold set in the “Disbursement Rule” row of the table in Schedule 4 to this Agreement, then the Bank may authorize withdrawal under the relevant Category of a pro-rated amount of the Loan corresponding to the level of achievement of such
Scalable DLI and provided that such amount corresponds to an equivalent amount of the Minimum EEPs for such Scalable DLI;

(f) if at the time of the Bank’s receipt of any withdrawal application the Borrower has not presented evidence, satisfactory to the Bank, that the amount of expenditures incurred under the Eligible Expenditure Programs is at least equal to the Minimum EEPs required for the relevant DLIs, then the Bank may, by notice to the Borrower, cancel the amount of the Loan withheld for lack of such evidence, unless such satisfactory evidence is presented to the Bank within twelve months of the date of the Bank’s receipt of the original withdrawal application, subject to the condition that the Bank shall not cancel any amount before the Mid-Term Review; and

(g) If, at any time, the Bank determines that any amounts of the Loan were withdrawn on account of improperly procured items in violation of Section III to this Schedule, or without evidence of actual spending by the Borrower under the EEP, or without evidence of satisfaction of other criteria set forth in this Agreement, the Borrower shall refund any such amounts to the Bank as the Bank shall specify by notice to the Borrower.

3. The Closing Date is August 31, 2018.
SCHEDULE 3

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 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 the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share (Expressed as a Percentage)</th>
</tr>
</thead>
</table>
| On each March 15 and September 15
Beginning September 15, 2024 through September 15, 2038 | 3.33% |
| On March 15, 2039 | 3.43% |

2. If the proceeds of the Loan have not 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 have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.

(b) Any amount withdrawn 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 the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date ("Original Installment Share") and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.
3. (a) Amounts of the Loan withdrawn 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.

(b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.

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

5. If the Withdrawn Loan Balance is 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 4**

**Disbursement Linked Indicators**

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<tbody>
<tr>
<td><strong>DLI 1:</strong> Tools</td>
<td>Target: 5 EGRA tools and 5 EGMA tools (1 version of each tool per each Selected Mother Tongue in each Target Region)</td>
<td>40 EGRA and EGMA tools (4 additional versions of each tool per each Selected Mother Tongue in each Target Region)</td>
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</tr>
<tr>
<td><strong>Allocated amount:</strong></td>
<td>US$4,650,000</td>
<td>US$18,600,000</td>
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**Disbursement rule:** (i) US$465,000 per each EGRA and EGMA tool finalized on or before the last day of the relevant period; (ii) Minimum 1 tool per Selected Mother Tongue in Period 1 (non-scalable); and (iii) 40 tools in Period 2 (scalable: minimum of 3 additional versions per mother tongue and maximum of 4 versions, for a total of 40 additional versions).

**DLI achievement measure:** Periods 1-2: DepEd has developed 25 EGRA tools and 25 EGMA tools (five comparable versions per Selected Mother Tongue) that meet standards set forth in the DLI Verification Protocol.

**DLI verification process:** Periods 1-2: (i) DepEd submits EGRA and EGMA tools; and (ii) the Bank reviews the tools against the standards specified in the DLI Verification Protocol.

**EEP:** MOOE; Minimum expenditure level: DLI target for Period 1: US$4,650,000; DLI target for Period 2: US$18,650,000.

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<tbody>
<tr>
<td><strong>DLI 2:</strong> Schools</td>
<td>Target: 11,998 grade 1 teachers trained</td>
<td>11,998 grade 2 teachers trained</td>
<td>11,998 grade 3 teachers trained</td>
<td></td>
</tr>
<tr>
<td><strong>Allocated amount:</strong></td>
<td>US$30,000,000</td>
<td>US$30,000,000</td>
<td>US$30,000,000</td>
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**Disbursement rule:** Periods 2-4: (i) percent of achievement of target on or before the last day per period equal to the percent of total allocated amount for the relevant period to be disbursed; (ii) scalable: minimum of 51% achievement to be eligible for disbursement.

**DLI achievement measure:** Periods 2-4: Training per period carried out in accordance with the DLI Verification Protocol.
**DLI verification process**: Periods 2-4: (i) DLI Verification Agent conducts training spot checks and post-training assessment in accordance with the DLI Verification Protocol; and (ii) the Bank reviews the verification report during the semi-annual Bank implementation support missions.

**EEP**: MOOE; **Minimum expenditure level**: DLI targets for Periods 2-4: US$30,000,000 per DLI target.

| DLI 3: School principals/head teachers from identified schools trained to strengthen field-level support system for improved early grade reading and math teaching |
|---|---|---|---|---|
| 5,999 principals/ head teachers trained on effective early grade reading and math teaching strategies | Additional 5,999 principals/ head teachers trained on effective early grade reading and math teaching strategies |
| **Allocated amount:** | US$15,000,000 | US$15,000,000 |

**Disbursement rule**: Periods 2-3: (i) percent of achievement of target on or before the last day of the relevant period equal to the percent of total allocated amount to be disbursed per period; (ii) scalable: minimum of 51% achievement to be eligible for disbursement.

**DLI achievement measure**: Periods 2-3: Training per period carried out in accordance with the DLI Verification Protocol.

**DLI verification process**: Periods 2-3: (i) DLI Verification Agent conducts training spot-checks and post-training assessment in accordance with the DLI Verification Protocol; and (ii) the Bank reviews the verification report during the semi-annual Bank implementation support missions.

**EEP**: HRTD; INSET; **Minimum expenditure level**: DLI target for Periods 2-3: (1) HRTD: US$10,000,000 per DLI target; and (2) INSET: US$5,000,000 per DLI target.

| DLI 4: Development of an enabling policy environment for the effective implementation of the grades 1 - 3 reading and math program |
|---|---|---|---|---|
| Policy on the utilization of the EGRA and EGMA tools adopted | Policy on the inclusion of early literacy and numeracy course in DepEd’s teacher induction program adopted | s |
| **Allocated amount:** | US$6,000,000 | US$6,000,000 |

**Disbursement rule**: (i) Period 1: Policy on EGRA and EGMA tools (non-scalable); (ii) Period 3: Policy on inclusion of early literacy and numeracy course (non-scalable).
**DLI achievement measure:** (i) Period 1: Policy on EGRA and EGMA utilization and application in classrooms has been formulated according to standards specified in the DLI Verification Protocol, and approved, issued and disseminated to all DepEd levels through a DepEd order on or before the last day of the relevant period; (ii) Period 3: Policy on including an early literacy and numeracy course as appropriate in the DepEd teacher induction program has been formulated according to standards specified in the DLI Verification Protocol, and approved, issued and disseminated to all DepEd levels through a DepEd order on or before the last day of the relevant period.

**DLI verification process:** Periods 1 and 3: (i) DepEd submits the policy on EGRA and EGMA utilization and application in classrooms, and the policy on including early literacy and numeracy course; and (ii) Bank reviews the policies against the standards specified in the DLI Verification Protocol, during the semi-annual Bank implementation support missions.

**EEP:** MOOE; Minimum Expenditure Level: DLI targets for Period 1: US$6,000,000; DLI target for Period 3: US$6,000,000.

<table>
<thead>
<tr>
<th>DLI 5: Linguistic map for each Target Region developed for improved targeting and implementation of the grades 1-3 reading and math program</th>
<th><strong>Period 1</strong> July 1, 2013 – December 31, 2014</th>
<th><strong>Period 2</strong> January 1 – December 31, 2015</th>
<th><strong>Period 3</strong> January 1 – December 31, 2016</th>
<th><strong>Period 4</strong> January 1 – December 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Target:</strong></td>
<td>Policy on the dissemination and utilization of linguistic maps adopted, and linguistic map covering 1 Target Region developed</td>
<td>Linguistic map covering another Target Region developed</td>
<td>Linguistic map covering another Target Region developed</td>
<td>Linguistic maps covering another 2 Target Regions developed</td>
</tr>
<tr>
<td><strong>Allocated amount:</strong></td>
<td>US$5,000,000</td>
<td>US$5,000,000</td>
<td>US$5,000,000</td>
<td>US$10,000,000</td>
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**Disbursement rule:** (i) Period 1: Policy on linguistic maps and completion of a linguistic map covering one Target Region (non-scalable); (ii) Periods 2-4: US$5,000,000 per linguistic map completed for each Target Region on or before the last day of the relevant period (non-scalable).

**DLI achievement measure:** (i) Period 1: Policy on dissemination and utilization of linguistic maps has been formulated according to standards specified in the DLI Verification Protocol, and approved and issued through a DepEd order, and DepEd has developed and approved a linguistic map covering 1 Target Region in accordance with the policy; (ii) Periods 2-4: DepEd has developed and approved linguistic maps for each of the remaining Target Regions in accordance with the policy.

**DLI verification process:** Periods 1-4: (i) DepEd submits policy on the dissemination and utilization of linguistic maps, and the linguistic maps for each Target Region; and (iii) the Bank reviews the policy and the maps against the standards specified in the DLI Verification Protocol during the semi-annual Bank implementation support missions.

**EEP:** MOOE: Minimum expenditure level: DLI targets for Periods 1-3: (1) US$5,000,000 per DLI target; and (2) DLI target for Period 4: US$10,000,000.
<table>
<thead>
<tr>
<th>DLI 6: Capability of DepEd to implement its Performance Incentive Scheme improved</th>
<th>Period 1</th>
<th>Period 2</th>
<th>Period 3</th>
<th>Period 4</th>
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</thead>
<tbody>
<tr>
<td><strong>Target:</strong> Performance monitoring system developed that will be used in the implementation of DepEd’s Performance Incentive Scheme</td>
<td>5 DepEd regional offices, 47 DepEd division offices and 14,121 Target Schools in all Target Regions oriented on DepEd’s Performance Incentive Scheme and performance monitoring system</td>
<td><strong>Allocated amount:</strong> US$5,000,000</td>
<td>US$25,000,000</td>
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**Disbursement rule:** Period 1: (i) Performance monitoring system developed (non-scalable); Period 2: (ii) percent of achievement of target (i.e., 5 regions + 47 division and 14,121 schools = 100% of target) on or before the last day of the period equal to the percent of total allocated amount to be disbursed; (iii) scalable: minimum of 51% orientation of offices and schools is required to be eligible for disbursement.

**DLI achievement measure:** Period 1: Performance monitoring system meeting standards specified in the DLI Verification Protocol in place and operational; Period 2: Field offices and Target Schools oriented on the incentive scheme and the performance monitoring system according to standards specified in the DLI Verification Protocol.

**DLI verification process:** (i) Period 1: DepEd reports on the development of the performance monitoring system developed for the performance incentive scheme; (ii) the Bank reviews the report against the standards specified in the DLI Verification Protocol during the semi-annual Bank implementation support missions; (iii) Period 2: DLI Verification Agent conducts spot checks and post-orientation assessment against the standards specified in the DLI Verification Protocol; and (iv) the Bank reviews the verification report for Period 2 during the semi-annual Bank implementation support missions.

**EEP:** MOOE; Minimum expenditure level: DLI target for Period 1: US$5,000,000; DLI target for Period 2: US$25,000,000.
<table>
<thead>
<tr>
<th>DLI 7: Development of an enabling policy environment for the use of school report cards in the Target Regions</th>
<th>Period 1</th>
<th>Period 2</th>
<th>Period 3</th>
<th>Period 4</th>
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<tbody>
<tr>
<td><strong>Target:</strong></td>
<td>Policy on the use of school report cards (including guidelines, procedures and templates) adopted</td>
<td>8,473 Target Schools in the Target Regions use refined school report card</td>
<td>13,415 Target Schools in the Target Regions use refined school report card</td>
<td></td>
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<tr>
<td><strong>Allocated amount:</strong></td>
<td>US$5,000,000</td>
<td>US$10,000,000</td>
<td>US$ 15,000,000</td>
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<tr>
<td><strong>Disbursement rule:</strong></td>
<td>(i) Period 1: Adoption of policy on the use of school report cards (non-scalable); (ii) Period 2: percent of achievement of target (i.e. 8,473 schools, whether elementary or high schools = 100% of target) on or before the last day of the period equal to the percent of total allocated amount to be disbursed; (iii) minimum of 51% of schools is required to be eligible for disbursement (scalable); (iv) Period 3: percent of achievement of target (i.e. 13,415 schools = 100% of target) on or before the last day of the period equal to the percent of total allocated amount to be disbursed; and (v) minimum of 51% of schools (i.e. 6,842 schools) is required to be eligible for disbursement (scalable).</td>
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<td><strong>DLI achievement measure:</strong></td>
<td>Period 1: School report card policy adopted (through a DepEd order or memorandum) on or before the last day of the relevant period meeting the standards specified in the DLI Verification Protocol; Period 2: 8,473 Target Schools in the Target Regions use refined school report card in accordance with the school report card policy on or before the last day of the relevant period; Period 3: 13,415 Target Schools in the Target Regions use refined school report card in accordance with the school report card policy on or before the last day of the relevant period.</td>
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<tr>
<td><strong>DLI verification process:</strong></td>
<td>Period 1: (i) DepEd reports on the adoption of the policy on the use of updated school report cards; (ii) the Bank reviews the report against the standards specified in the DLI Verification Protocol during the semi-annual Bank implementation support missions; Periods 2-3: (i) DepEd reports on the list of Target Schools using refined school report cards per Target Region; (ii) DLI Verification Agent spot-checks that listed schools are indeed using the refined school report card and for the purposes specified in the DLI Verification Protocol; and (iii) Bank reviews the verification reports during the semi-annual Bank implementation support missions.</td>
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<tr>
<td><strong>EEP:</strong></td>
<td>MOOE; Minimum expenditure level: DLI target for Period 1: US$ 5,000,000; DLI target for Period 2: US$ 10,000,000; DLI target for Period 3: US$ 15,000,000</td>
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### DLI 8: Financial management capacity of DepEd central

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<th>Period 1</th>
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<th>Period 3</th>
<th>Period 4</th>
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<tr>
<td><strong>Target:</strong></td>
<td>Financial management manual for all DepEd finance and administrative staff developed and adopted</td>
<td>Trainers’ training on the financial management manual of at least 1 finance and administrative staff each from the central</td>
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<td></td>
<td><strong>Regional and office</strong></td>
<td><strong>Regional and office</strong></td>
<td><strong>Regional and office</strong></td>
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<td></td>
<td><strong>Division offices</strong></td>
<td><strong>Division offices</strong></td>
<td><strong>Division offices</strong></td>
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<tr>
<td></td>
<td><strong>Improved</strong></td>
<td><strong>Improved</strong></td>
<td><strong>Improved</strong></td>
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<tr>
<td></td>
<td><strong>Allocated amount:</strong></td>
<td><strong>US$7,500,000</strong></td>
<td><strong>US$15,000,000</strong></td>
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**Disbursement rule:** (i) Period 2: non-scalable for the financial management manual; (ii) Period 3: non-scalable for completed training at central, regional and division levels.

**DLI achievement measure:** (i) Period 2: Financial management manual adopted through a DepEd order or memorandum, meeting the standards specified in the DLI Verification Protocol; (ii) Period 3: Trainers training on the financial management manual in form and substance specified in the DLI Verification Protocol of at least 1 finance and administrative staff each from the central office, the 17 regional offices and the 215 division offices of DepEd on or before the last day of the relevant period.

**DLI verification process:** Period 2: (i) DepEd submits the financial management manual; (ii) the Bank reviews the manual against the standards specified in the DLI Verification Protocol during the semi-annual Bank implementation support missions; Period 3: (i) DepEd conducts training on the manual and provides post-training reports which will include proof of conduct of the activities and other information that will be useful in DLI verification; (ii) the DLI Verification Agent conducts training spot-checks against the standards specified in the DLI Verification Protocol; and (iii) the Bank reviews the verification reports during the semi-annual Bank implementation support missions.

**EEP: MOOE; Minimum expenditure level:** DLI target for Period 2: US$7,500,000; DLI target for Period 3: US$15,000,000

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<tr>
<th><strong>Period 1</strong></th>
<th><strong>Period 2</strong></th>
<th><strong>Period 3</strong></th>
<th><strong>Period 4</strong></th>
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<tbody>
<tr>
<td><strong>Target:</strong></td>
<td>Information strategy for educational programs serving the Target Disadvantaged Groups developed and adopted</td>
<td>Information system for educational programs serving the Target Disadvantaged Groups developed and adopted in accordance with the information strategy</td>
<td>Information system for educational programs serving the Target Disadvantaged Groups developed and adopted in accordance with the information strategy</td>
</tr>
<tr>
<td><strong>Allocated amount:</strong></td>
<td>US$6,250,000</td>
<td>US$6,250,000</td>
<td>US$6,250,000</td>
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**Disbursement rule:** (i) Period 2: Information strategy for programs serving the Target Disadvantaged Groups (non-scalable); (ii) Period 4: Information system for programs serving the Target Disadvantaged Groups (non-scalable).

**DLI achievement measure:** (i) Period 1: Information strategy for programs serving the Target Disadvantaged Groups developed and adopted by DepEd according to standards specified in the DLI Verification Protocol; (ii) Period 4: DepEd has developed an information system for programs serving the Target Disadvantaged Groups in accordance with the strategy.
**DLI verification process:** Periods 2 and 4: (i) DepEd submits the information strategy and reports on the development of the information system; (ii) the Bank reviews the strategy and information system against the standards specified in the DLI Verification Protocol during the semi-annual Bank implementation support missions.

**EEP:** MOOE; Minimum expenditure level: DLI targets for Periods 2 and 4: US$6,250,000 per DLI target.

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<th>Period 1</th>
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<tbody>
<tr>
<td><strong>Target:</strong></td>
<td>Review of 1 program</td>
<td>Review of another program</td>
<td>Review of another program</td>
<td>Review of another program</td>
</tr>
<tr>
<td><strong>Allocated amount:</strong></td>
<td>US$ 6,000,000</td>
<td>US$ 6,000,000</td>
<td>US$ 6,000,000</td>
<td>US$ 6,000,000</td>
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**Disbursement rule:** Review by DepEd per program: US$6 million each, non-scalable.

**DLI achievement measure:** Periods 1-4: Review of program serving Targeted Disadvantaged Groups completed on or before the last day of the relevant period in accordance with standards specified in the DLI Verification Protocol.

**EEP:** AAP, MOOE; Minimum expenditure level: DLI targets for Periods 1 and 2: (1) AAP: US$2,000,000 per DLI target; (2) ALS: US$1,000,000 per DLI target; (3) MOOE: US$3,000,000 per DLI target; DLI targets for Periods 3 and 4: (1) MOOE: US$6,000,000 per DLI target.
APPENDIX

Definitions

1. "AAP" means the "Abot Alam Program" Department of Education budget line item under the Eligible Expenditure Programs.

2. "Alternative Learning System Program" means a program for parallel and equivalent system of learning implemented by the Bureau of Alternative Learning System of the Department of Education wherein education for individuals of various ages is periodically facilitated by qualified individuals and takes place in various locations.

3. "ALS" means the "Alternative Learning System" Department of Education budget line item under the Eligible Expenditure Programs.


5. "Category" means a category set forth in the table in Section IV of Schedule 4 to this Agreement; and "Categories" means, collectively, all such categories.


7. "Department of Education" or "DepEd" means the Borrower’s department responsible for education, or any successor thereto.

8. "DLI" means any one of the disbursement linked indicators set out in the table in Schedule 4 to this Agreement; and "DLIs" means, collectively, all such DLIs; as the said DLIs may be modified with the written agreement of the Bank.

9. "DLI Achievement Date" means, with regard to each DLI, December 31 of the year during which the relevant DLI target is set to be achieved as set forth in the table in Schedule 4 to this Agreement.

10. "DLI Value" means the amount of the Loan allocated to each DLI in the "Allocated Amount" row in the table in Schedule 4 to this Agreement.

11. "DLI Verification Agent" means the independent agent to be appointed by the Borrower in accordance with Section I.B.2 of Schedule 2 to this Agreement to verify the achievement of selected DLIs as specified in Schedule 4 to this Agreement and the DLI Verification Protocol.

12. "DLI Verification Protocol" means the protocol agreed between DepEd and the Bank referred to in Section I.B of Schedule 2 to this Agreement, containing the technical
standards and procedures in accordance with which the Bank will assess the achievement of DLIs.

13. “Eligible Expenditures Programs” and “EEP” mean the set of defined expenditures under the following Department of Education budget lines (or such equivalent successor budget lines as may be agreed between the Borrower and the Bank), as set out in the Borrower’s General Appropriations Act: (i) in respect of DLIs 1, 2, 4, 5, 6, 7, 8, 9 and 10, budget line “School Maintenance and Other Operating Expenses (MOOE)”; (ii) in respect of DLI 3, budget lines “Human Resource Training and Development (HRTD)” and “In-Service Training (INSET)”; and (iii) in respect of DLI 10, budget lines “Abot Alam Program (AAP)” and “Alternative Learning System (ALS).”


15. “EGRA” means early grade reading assessment.


17. “HRTD” means the “Human Resource Training and Development” Department of Education budget line item under the Eligible Expenditure Programs.

18. “IFRs” means the interim unaudited financial reports for the Project to be prepared by the Borrower in accordance with Section II.B.2 of Schedule 2 to this Agreement.

19. “Indigenous Peoples” means social groups with a distinct social and cultural identity that makes them vulnerable to being disadvantaged in the development process, including the presence in varying degrees of the following characteristics: (i) a close attachment to ancestral territories and to the natural resources in these areas; (ii) self-identification and identification by others as members of a distinct cultural group; (iii) an indigenous language, often different from the national language; (iv) presence of customary social and political institutions; and (v) primarily subsistence-oriented production.

20. “Indigenous Peoples Planning Framework” means the indigenous peoples planning framework for the Project dated August 2012, duly adopted by the Borrower’s Department of Education, which sets forth the guidelines, satisfactory to the Bank, to address any social or cultural impact on Indigenous Peoples caused by the execution of the Project, including screening and monitoring procedures and the development of Indigenous Peoples development plan or plans, where applicable; as the said framework may be modified with the written agreement of the Bank.

21. “INSET” means the “In-Service Training” Department of Education budget line item under the Eligible Expenditure Programs.

22. “Minimum EEPs” means the minimum amount of expenditures to be incurred under each of the EEP budget lines against the respective DLI targets specified in Schedule 4 to this Agreement during the Minimum EEPs Period, as specified in the “EEP” row in the table.
in Schedule 4 to this Agreement and as such amount may be pro-rated in the case of Scalable DLIs on the basis of the level of achievement of such Scalable DLIs.

23. “Minimum EEPs Period” means a period of the Minimum EEPs incurred against the respective DLI covering fifteen (15) months (but no earlier than July 1, 2013) preceding the date of the withdrawal application in respect of such DLI.

24. “MOOE” means the “School Maintenance and Other Operating Expenses” Department of Education budget line item under the Eligible Expenditure Programs.

25. “Performance Incentive Scheme” means the Borrower’s scheme established in accordance with the Borrower’s Executive Order No. 80 to institute a performance-based bonus system for all government employees aimed at improving collective service delivery.


28. “Procurement Plan” means the Borrower’s procurement plan for the Project, referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.


30. “Scalable DLI” means any DLI whose level of achievement and corresponding DLI Value may be pro-rated at or above a minimum threshold as specified in the “Disbursement Rule” row in the table in Schedule 4 to this Agreement; and “Scalable DLIs” means, collectively, all such DLIs.

31. “Selected Mother Tongues” means the Bikol, Iloko, Sinugbuanong Binisaya, Waray and Chabacano languages spoken in the Target Regions.

32. “Target Disadvantaged Groups” means populations consisting of indigenous peoples, persons with disabilities, children living in remote or difficult-to-access locations, and out-of-school children and youths.

33. “Target Regions” means the Bicol, Eastern Visayas, Zamboanga, Cordillera, and Caraga administrative regions of the Borrower’s territory.
34. "Target Schools" means all elementary and high schools in the Target Regions.