LOAN NUMBER 4624-SRI

LOAN AGREEMENT
(Ordinary Operations)

(Strengthening Integrated Health Care and Governance for Universal Health Coverage Program)

between

DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA

and

ASIAN DEVELOPMENT BANK

DATED 17 OCTOBER 2025

SRI 58017

LOAN AGREEMENT
(Ordinary Operations)

LOAN AGREEMENT dated 17 October 2025 between DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA ("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 Borrower has applied to the Pandemic Prevention, Preparedness and Response Trust Fund ("Pandemic Fund") for a grant in the amount of six million nine hundred thousand Dollars ($6,900,000) ("Pandemic Fund Grant") for the purposes of cofinancing the Program;

(C) by a grant agreement of even date herewith between ADB and the Borrower ("Pandemic Fund Grant Agreement"), ADB has made available to the Borrower the Pandemic Fund Grant on the terms and conditions set out in the Pandemic Fund Grant Agreement; and

(D) ADB has agreed to make a loan to the Borrower from ADB's ordinary capital resources upon the terms and conditions set forth herein;

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

Loan Regulations; Definitions

Section 1.01. All the provisions of ADB's Ordinary Operations Loan Regulations, dated 1 January 2022 ("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(qq) is deleted and the following is substituted therefor:

The term "Program" means the program for which ADB has agreed to make the Loan, as described in the Loan Agreement and as such description may be amended from time to time by agreement between ADB and the Borrower.

(b) The term "Project" wherever it appears in the Loan Regulations shall be substituted by the term "Program".

(c) Section 2.01(ss) is deleted and the following is substituted therefor:

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".

Section 1.02. Wherever used in this Loan Agreement, the several terms defined in the Loan Regulations have the respective meanings therein set forth unless modified herein or the context otherwise requires. Additional terms used in this Loan Agreement have the following meanings:

(a) "Anticorruption Guidelines" means ADB's Guidelines to Prevent or Mitigate Fraud, Corruption and Other Prohibited Activities in Results-Based Lending for Programs as set forth in Appendix 1 to the PID;

(b) "Deposit Account" means the account referred to in paragraph 2 of Schedule 3 to this Loan Agreement;

(c) "DLI" means each disbursement-linked indicator as set forth in the DLI Matrix;

(d) "DLI Matrix" means the DLI matrix for the Program as set forth in Attachment 2 of Schedule 3 to this Loan Agreement, as updated from time to time by the Borrower and ADB;

(e) "DLI Verification Protocol" means the protocol for verifying the Borrower's achievement of each DLI, as set forth in the PID;

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

(g) "Environmental Safeguards" means the objectives and policy principles set forth in Chapter V of the SPS;

(h) "Financing" means the Loan and the Pandemic Fund Grant;

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

(j) "Grant Account" has the meaning as set out in ADB's Externally Financed Grant Regulations, dated 1 January 2022;

(k) "High-Value Contracts" means (i) procurement of works, turnkey and supply and installation contracts that cost $50 million equivalent or more per contract; (ii) procurement of goods contracts that cost $30 million equivalent or more per contract; (iii) information technology or nonconsulting services contracts that cost $20 million equivalent or more per contract; and (iv) consulting services contracts that cost $15 million equivalent or more per contract;

(l) "Indigenous Peoples Safeguards" means the objectives and policy principles set forth in Chapter V of the SPS;

(m) "Involuntary Resettlement Safeguards" means the objectives and policy principles set forth in Chapter V of the SPS;

(n) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2022, as amended from time to time);

(o) "MOHMM" means the Borrower's Ministry of Health and Mass Media, or any successor thereto;

(p) "NSFDHS" means the Borrower's National Strategic Framework for the Development of Health Services, which is supported by the Program;

(q) "PID" means the program implementation document for the Program dated 17 July 2025, as updated from time to time by the Borrower and ADB;

(r) "Program Action Plan" means the action plan for the Program dated 17 July 2025, as updated from time to time by the Borrower and ADB;

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

(t) "Program Completion Date" means the date set out in paragraph 3 of Schedule 1 to this Loan Agreement, or such other date as the Borrower and ADB may agree;

(u) "Program Executing Agency" means MOHMM, or any successor thereto acceptable to ADB, which is responsible for the carrying out of the Program;

(v) "PSSA" means the program safeguard system assessment for the Program, including any update thereto, prepared and submitted by the Borrower and cleared by ADB;

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

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

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 million Dollars ($100,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.06 of this Loan Agreement.

(b) The Loan has a principal repayment period of 21 years, and a grace period as defined in subsection (c) hereinafter.

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

Section 2.02. The Borrower shall pay to ADB interest on the principal amount of the Loan withdrawn and outstanding from time to time at a rate for each Interest Period equal to the sum of:

(a) SOFR;

(b) 0.60% as provided by Section 3.02 of the Loan Regulations less a credit of 0.10% as provided by Section 3.03 of the Loan Regulations; and

(c) a maturity premium of 0.10% as provided by Section 3.03 of the Loan Regulations.

Section 2.03. The Borrower shall pay a commitment charge of 0.15% per annum. Such charge shall accrue on the full amount of the Loan (less amounts withdrawn from time to time), commencing 60 days after the date of this Loan Agreement.

Section 2.04. Interest and other charges on the Loan shall be payable semiannually on 15 February and 15 August in each year.

Section 2.05. The Borrower shall repay the principal amount of the Loan withdrawn from the Loan Account in accordance with the provisions of Schedule 2 to this Loan Agreement.

Section 2.06. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management:

(i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, whether withdrawn and outstanding or unwithdrawn, to an Approved Currency;

(ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding from a Floating Rate to a Fixed Rate, or vice versa; and

(iii) the setting of limits on the Floating Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on said Floating Rate.

(b) Any conversion requested pursuant to subsection (a) hereinabove that is accepted by ADB shall be considered a "Conversion", as defined in Section 2.01(e) 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 apply the proceeds of the Loan to the financing of expenditures of the Program in accordance with the provisions of this Loan Agreement.

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

Section 3.03. The Loan Closing Date for the purposes of Section 9.02 of the Loan Regulations shall be 30 June 2030 or such other date as may from time to time be agreed between the Borrower and ADB.

ARTICLE IV

Particular Covenants

Section 4.01. In the carrying out of the Program, the Borrower shall perform, or cause to be performed, all obligations set forth in Schedule 4 to this Loan Agreement.

Section 4.02. (a) The Borrower shall (i) maintain separate accounts and records for the Program; (ii) prepare annual financial statements for the Program in accordance with financial reporting standards acceptable to ADB; (iii) have such financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with auditing standards acceptable to ADB; (iv) as part of each such audit, have the auditors prepare a report, which includes the auditors' opinion(s) on the financial statements and the use of the Loan proceeds, and a management letter (which sets out the deficiencies in the internal control of the Program that were identified in the course of the audit, if any); and (v) furnish to ADB, no later than 9 months after the end of each related fiscal year, copies of such audited financial statements, audit report and management letter, all in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.

(b) ADB shall disclose the annual audited financial statements for the Program and the opinion of the auditors on the financial statements within 14 days of the date of ADB's confirmation of their acceptability by posting them on ADB's website.

(c) The Borrower shall enable ADB, upon ADB's request, to discuss the financial statements for the Program and the Borrower's financial affairs where they relate to the Program with the auditors appointed pursuant to subsection (a)(iii) hereinabove, and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB. This is provided that such discussions shall be conducted only in the presence of an authorized officer of the Borrower, unless the Borrower shall otherwise agree.

Section 4.03. As part of the information and reports referred to in Sections 7.01 and 7.04 of the Loan Regulations, the Borrower shall furnish, or cause to be furnished, to ADB (a) semiannual reports on the implementation of the Program, including the accomplishment of the DLIs, the carrying out of the Program Actions and the Eligible Expenditures; and (b) as ADB shall reasonably request, additional information in connection with the reports described in subsection (a) hereinabove and other information on Program implementation.

Section 4.04. The Borrower shall enable ADB's representatives to inspect the Program and any relevant records and documents.

ARTICLE V

Suspension; Acceleration of Maturity

Section 5.01. The following is specified as an additional event for suspension of the right of the Borrower to make withdrawals from the Loan Account for the purposes of Section 9.01(m) of the Loan Regulations: the Pandemic Fund Grant shall have become liable for suspension or cancellation.

Section 5.02. The following is specified as an additional event for acceleration of maturity for the purposes of Section 9.07(a)(iv) of the Loan Regulations: the event specified in Section 5.01 of this Loan Agreement shall have occurred.

ARTICLE VI

Effectiveness

Section 6.01. The following is specified as an additional condition to the effectiveness of this Loan Agreement for the purposes of Section 10.01(f) of the Loan Regulations: the Pandemic Fund Grant Agreement shall have been duly executed and delivered on behalf of the Borrower, and all conditions precedent to its effectiveness (other than a condition requiring the effectiveness of this Loan Agreement) shall have been fulfilled.

Section 6.02. A date 90 days after the date of this Loan Agreement is specified for the effectiveness of this Loan Agreement for the purposes of Section 10.04 of the Loan Regulations.

ARTICLE VII

Miscellaneous

Section 7.01. Each of the Secretary of the Ministry of Finance, Planning and Economic Development, Deputy Secretary to the Treasury, and Director General of the Department of External Resources of the Borrower is designated as representative of the Borrower for the purposes of Section 12.02 of the Loan Regulations.

Section 7.02. The following addresses are specified for the purposes of Section 12.01 of the Loan Regulations:

For the Borrower

Secretary
Ministry of Finance, Planning and Economic Development
Colombo 1
Sri Lanka

cc: Deputy Secretary to the Treasury
Director General, Department of External Resources

Facsimile Number:

(94-11) 244-7633

For ADB

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

Facsimile Number:

(632) 8636-2444.

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.

DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA

By ______________________________

DR. HARSHANA SURIYAPPERUMA
Secretary
Ministry of Finance, Planning and Economic Development

ASIAN DEVELOPMENT BANK

By ______________________________

TAKAFUMI KADONO
Country Director
Sri Lanka Resident Mission

SCHEDULE 1

Description of the Program

1. The objective of the Program is to support implementation of the NSFDHS for improved efficiency and quality of secondary health services as first referral care for ensuring universal health coverage.

2. The Program shall comprise (a) enhancement of first referral hospital care services; (b) enhancement of pandemic prevention, preparedness, and response; and (c) improvement of health sector technical capacity and pharmaceutical supply chain management.

3. The Program is expected to be completed by 30 June 2030.

SCHEDULE 2

Amortization Schedule

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (Installment Share). If the proceeds of the Loan shall have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by ADB by multiplying (a) the total principal amount of the Loan withdrawn and outstanding as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayment amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

Date Payment Due	Installment Share (Expressed as a %)
15 February 2031	2.380952
15 August 2031	2.380952
15 February 2032	2.380952
15 August 2032	2.380952
15 February 2033	2.380952
15 August 2033	2.380952
15 February 2034	2.380952
15 August 2034	2.380952
15 February 2035	2.380952
15 August 2035	2.380952
15 February 2036	2.380952
15 August 2036	2.380952
15 February 2037	2.380952
15 August 2037	2.380952
15 February 2038	2.380952
15 August 2038	2.380952
15 February 2039	2.380952
15 August 2039	2.380952
15 February 2040	2.380952
15 August 2040	2.380952
15 February 2041	2.380952
15 August 2041	2.380952
15 February 2042	2.380952
15 August 2042	2.380952
15 February 2043	2.380952
15 August 2043	2.380952
15 February 2044	2.380952
15 August 2044	2.380952
15 February 2045	2.380952
15 August 2045	2.380952
15 February 2046	2.380952

Schedule 2

Date Payment Due	Installment Share (Expressed as a %)
15 August 2046	2.380952
15 February 2047	2.380952
15 August 2047	2.380952
15 February 2048	2.380952
15 August 2048	2.380952
15 February 2049	2.380952
15 August 2049	2.380952
15 February 2050	2.380952
15 August 2050	2.380952
15 February 2051	2.380952
15 August 2051	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 2 calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the withdrawn principal amount of the Loan to an Approved Currency, the amount so converted in said Approved Currency that shall be repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by ADB by multiplying such amount in its currency of denomination immediately prior to said

Conversion by either: (a) the exchange rate that reflects the amounts of principal in said Approved Currency payable by ADB under the Currency Hedge Transaction relating to said Conversion; or (b) if ADB so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

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

SCHEDULE 3

Allocation and Withdrawal of Loan Proceeds

General

1. Except as set out in this Schedule or as ADB may otherwise agree, the Financing proceeds shall be disbursed in accordance with the Loan Disbursement Handbook.

Deposit Account

2. Prior to submitting the first application to ADB for withdrawal from the Loan Account or Grant Account (as applicable), the Borrower shall nominate an account at Central Bank of Sri Lanka as the Deposit Account for the Program into which all withdrawals from the Loan Account and Grant Account shall be deposited.

3. The Borrower shall maintain separate records in respect of the Deposit Account in accordance with accounting principles acceptable to ADB.

Basis for Withdrawal from the Loan Account and Grant Account

4. (a) The Table sets out the Financing amounts allocated for withdrawal in respect of a DLI upon the Borrower's achievement of the corresponding DLI targets as set out in the DLI Matrix. The years set out in the Table are indicative. They do not restrict withdrawal on account of any DLI targets achieved whether ahead of, or later than, the indicated year, provided that such DLI targets are achieved on or before the Program Completion Date.

(b) ADB may, by notice to the Borrower, reallocate the Financing amounts set out in the Table within the same DLI or from one DLI to any other DLI.

5. Prior to submitting any application for withdrawal from the Loan Account or Grant Account (as applicable) in respect of a DLI, the Borrower shall submit to ADB in accordance with the DLI Verification Protocol satisfactory evidence showing that: (a) such DLI has been fully achieved; or (b) for a DLI for which partial disbursement is allowed (as specified in the DLI Matrix), such DLI has been achieved to the extent required for partial disbursement under the DLI Verification Protocol. Upon ADB's confirmation that the DLI has been achieved in full or in part, the Borrower may submit to ADB an application for withdrawal of the corresponding Loan amount or Pandemic Fund Grant amount (as applicable) for such DLI.

Advance Financing and Financing for Prior Results

6. (a) Prior to the achievement of the DLIs, the Borrower may withdraw from the Loan Account or Grant Account (as applicable) an advance financing amount for the purposes of meeting the Program's financing requirements and supporting the achievement of such DLIs, subject to the detailed arrangements set out in the PID and provided that the outstanding advance financing amount shall not, at any time, exceed 25% of the Loan amount or Pandemic Fund Grant amount (as applicable). ADB shall deduct the outstanding advance financing amount, or any portion thereof, from the Loan or Pandemic Fund Grant proceeds to be disbursed upon achievement of the DLIs.

(b) The Borrower may withdraw from the Loan Account or Grant Account (as applicable) for DLIs achieved prior to the Effective Date but not earlier than 12 months before the date of this Loan Agreement or the Pandemic Fund Grant Agreement (as applicable), provided that the aggregate of such withdrawals for prior results shall not exceed 20% of the Loan amount or Pandemic Fund Grant amount (as applicable).

(c) The aggregate of the outstanding advance financing amount and the amount withdrawn for financing for prior results under subparagraphs (a) and (b) hereinabove shall not, at any time, exceed 30% of the Loan or Pandemic Fund Grant amount (as applicable).

Reconciliation

7. If any DLI has not been achieved by the Program Completion Date, the Borrower shall, within 6 months of the Program Completion Date, provide a refund to ADB for any outstanding advance financing amount or part thereof for such DLI.

8. If the total Eligible Expenditures amount to less than the Financing amount withdrawn by the Borrower, the Borrower shall provide a refund to ADB for an amount equal to the extent of the shortfall within 6 months of the Program Completion Date.

Attachment 1 to Schedule 3

TABLE

ALLOCATION AND WITHDRAWAL OF FINANCING PROCEEDS (US$ million)							
Disbursement-Linked Indicators (DLI)	Total Pandemic Fund Financing Allocation	Total ADB Financing Allocation	Financing for Prior Results	Period 1 (from Effective Date to March 2027)	Period 2 (April 2027 to March 2028)	Period 3 (April 2028 to March 2029)	Period 4 (April 2029 to March 2030)
DLI 1	-	6.0	-	-	-	-	6.0
DLI 2	-	6.0	-	-	-	-	6.0
DLI 3							
3(a)	-	2	2	-	-	-	-
3(b)	-	12	1.6	2.6	2.6	2.6	2.6
3(c)	-	1	-	0.2	-	0.4	0.4
3(d)	-	0.5	-	0.5	-	-	-
3(e)	-	2	-	-	2	-	-
DLI 4							
4(a)	-	2	-	1	-	1	-
4(b)	-	3	-	-	2	-	1
4(c)	-	3	-	-	3	-	-
4(d)	-	3	-	-	-	3	-

Attachment 1 to Schedule 3

Disbursement-Linked Indicators (DLI)	Total Pandemic Fund Financing Allocation	Total ADB Financing Allocation	Financing for Prior Results	Period 1 (from Effective Date to March 2027)	Period 2 (April 2027 to March 2028)	Period 3 (April 2028 to March 2029)	Period 4 (April 2029 to March 2030)
4(e)	-	4	-	-	-	4	-
4(f)	-	4	-	-	-	3	1
4(g)	-	4	-	-	-	3	1
4(h)	-	2	-	-	-	1	1
4(i)	-	4	-	-	-	3	1
DLI 5							
5(a)	-	6	-	6	-	-	-
5(b)	-	7	-	4	3	-	-
5(c)	-	3	-	-	3	-	-
5(d)	-	6	-	-	-	6	-
5(e)	-	1	-	-	-	-	1
DLI 6							
6(a)	3.1	-	0.5	1.6	1	-	-
6(b)	2.75	-	-	1.5	1.25	-	-
6(c)	0.50	-	-	0.25	0.25	-	-
6(d)	0.55	-	-	0.3	0.25	-	-

Attachment 1 to Schedule 3

Disbursement-Linked Indicators (DLI)	Total Pandemic Fund Financing Allocation	Total ADB Financing Allocation	Financing for Prior Results	Period 1 (from Effective Date to March 2027)	Period 2 (April 2027 to March 2028)	Period 3 (April 2028 to March 2029)	Period 4 (April 2029 to March 2030)
DLI 7							
7(a)	-	4	-	1	-	-	3
7(b)	-	4	-	1	-	-	3
7(c)	-	1	-	-	-	1	-
DLI 8							
8(a)	-	7	-	0.75	6.25	-	-
8(b)	-	0.50	-	-	0.50	-	-
8(c)	-	0.50	-	0.25	-	-	0.25
8(d)	-	1.50	-	1	-	0.5	-
TOTAL	**6.9**	**100.00**	**4.1**	**21.95**	**25.1**	**28.5**	**27.25**

Attachment 2 to Schedule 3

DLI MATRIX

Disbursement-Linked Indicators (DLI)	Baseline Value	Baseline Year	Prior Results	Period 1 (Effective Date to March 2027)	Period 2 (April 2027 to March 2028)	Period 3 (April 2028 to March 2029)	Period 4 (April 2029 to March 2030)
DLI 1: The average waiting time of patients for 3 elective surgeries (cataract, hernia by sex) and hysterectomy) at first referral hospitals (BHs A&B) reduced by 30%	M:103 F: 88	2024					30% from Baseline
DLI 2: Surgical site hospital-acquired infections per 10,000 admissions (disaggregated by sex) at first referral hospitals (BHs A&B) reduced by 40%	M:816 per 10,000 admissions F:628 per 10,000 admissions	2024					40% from Baseline
DLI 3: Planning, monitoring, budgeting and human resource management capacity of health sector strengthened.							
3a. Concurrence by the Finance Commission and the DGHS of the costed 5-year action plan by each province and from MOHMM for BHs under MOHMM respectively for first referral hospitals development (BHs A and B) for 2025 – 2029.	No	2024	Yes				
3b. Concurrence by the Finance Commission and DGHS of the 10 costed detail annual plans for next year's investments in first referral hospitals (BHs A and B) under 9 provinces and MOHMM respectively.	No	2024	Yes	Yes	Yes	Yes	Yes

Attachment 2 to Schedule 3

Disbursement-Linked Indicators (DLI)	Baseline Value	Baseline Year	Prior Results	Period 1 (Effective Date to March 2027)	Period 2 (April 2027 to March 2028)	Period 3 (April 2028 to March 2029)	Period 4 (April 2029 to March 2030)
3c. Health Technology Assessment process for new medical equipment and new pharmaceuticals institutionalized with the introduction of 7 of the 8 initiatives.	No	2024		At least 2		At least 4	At least 7
3d. Approved 8 national guidelines for the provision of services at BHs A&B.	No	2024		Yes			
3e. Health human resource (i) databases adopting the National ID number operational at MOHMM and Provinces, (ii) HRH unit functional at MOHMM	0	2024			Yes		
DLI 4: Patient-centred secondary care services with quality, safety, climate resilience measures enhanced.							
4a. % of BHs A&B implements quality and Safety measures	38% with 3 initiatives	2024		50% with 3 initiatives		50% with the 5 initiatives	
4b. % BHs A&B provide identified services related to women, children, youth, elderly, and persons with disabilities.	0%	2024			25%		50%
4c. % BHs A&B with facilities available for Lipid Profile, HBA1c and Troponin I tests	28%	2024			At least 50%		
4d. % of BHs A and B with functional physiotherapy and/or rehabilitation unit	18%	2024				At least 40%	
4e. % of BHs A&B that have obtained environment protection license and scheduled waste management license from the Central Environmental Authority	12%	2024				50%	
4f. % of identified BHs A & B have renovated/expanded/repaired staff quarters.	0	2024				At least 20%	At least 40%

Attachment 2 to Schedule 3

Disbursement-Linked Indicators (DLI)	Baseline Value	Baseline Year	Prior Results	Period 1 (Effective Date to March 2027)	Period 2 (April 2027 to March 2028)	Period 3 (April 2028 to March 2029)	Period 4 (April 2029 to March 2030)
4g. % of secondary hospitals (BHs A&B) that provide day surgical services.	0	2024				At least 20%	At least 40%
4h. Number of BHs A&B that have met the criteria of the National Laboratory Quality Standard of MOHMM (1 per province).	0	2024				At least 5 labs	At least 9 labs
4i. % of BHs A&B that have introduced at least 8 of the 9 climate resilient measures.	6%	2024				20%	30%
DLI 5: Care pathways linking first referral hospitals for selected high burden diseases formalized.							
5a. % of BHs A&B that have defined clusters, including for sharing of laboratory services, for empaneled populations based on cluster circular.	0	2024		At least 75%			
5b. % of clusters (with BHs A or Bs as Apex) with a functioning digital information system	0	2024		10%	20%		
5c. % of BHs A&B that have a functional Patient Information Centre.	0	2024			At least 50%, 3 criteria		
5d. % of BHs A&B that have improved facilities (infrastructure, equipment, training, linkages) for at least 5 care pathways out of the identified 15 areas	0	2024				At least 60%	
5e. The number of care pathways that have at least 1 circular and/or guideline defining the standard package of care that includes gender-sensitive care provision, 1 referral and back referral guideline and 1 training programme developed and uploaded to the continuous professional development (CPD) system.	0	2024					10

Attachment 2 to Schedule 3

Disbursement-Linked Indicators (DLI)	Baseline Value	Baseline Year	Prior Results	Period 1 (Effective Date to March 2027)	Period 2 (April 2027 to March 2028)	Period 3 (April 2028 to March 2029)	Period 4 (April 2029 to March 2030)
DLI 6: Notifiable disease surveillance and quality assurance of public health laboratories improved.							
6a. Sri Lanka Centre for Disease Control functional	No	2024	Detailed design	10% constructed		Functional	
6b. Medical Research Institute (MRI) building renovations completed	No	2024		Detailed cost estimates		100%	
6c. % of BHs A&B hospitals updating / reporting notifiable diseases via the GIS based early warning system	0	2024		At least 30%	At least 60%		
6d. % of BHs A&B that use the external quality assurance system of the MRI at all 4 labs of the pathology, biochemistry, hematology and microbiology.	0	2024		At least 50%	At least 75%		
DLI 7: Logistics capacity and quality assurance of the pharmaceuticals enhanced.							
7a. % of identified stores of MSD and FHB that have renovated pharmaceutical storage facilities	0	2024		Cost estimates available			At least 50%
7b. The National Quality Assurance Laboratory of NMRA has obtained ISO/IEC 17025.	No	2024		Cost estimates available			Yes
7c. The % change of number of tests that can be performed by the NMRA (NMQAL) directly or via laboratories under MOUs and/or Agreements in line with the established risk-based sampling and testing approach.	57 tests	2024				90% increase from baseline	
DLI 8: Procurement management capacity enhanced							
8a. % of procurement entities of the MOHMM and 9 PDHS offices that complete all 3 of these steps: (i) has the master procurement plan updated in the e-GP system PROMISe.lk (ii) has the annual	0	2024		At least 50% MOHMM PEs	At least 50% Provinces PEs		

Attachment 2 to Schedule 3

Disbursement-Linked Indicators (DLI)	Baseline Value	Baseline Year	Prior Results	Period 1 (Effective Date to March 2027)	Period 2 (April 2027 to March 2028)	Period 3 (April 2028 to March 2029)	Period 4 (April 2029 to March 2030)
procurement plan in the e-GP system PROMISe.lk (iii) utilizes PROMISe.lk for all RFQ contracts identified in the annual procurement plan.							
8b. No. of framework agreements signed for pharmaceuticals and medical supplies (excluding buy back)	0	2024			At least 10		
8c. Standard Bidding Documents (SBDs) for pharmaceuticals and medical equipment (i) developed; (ii) 50% of pharmaceutical and medical equipment contracts have used the pharmaceutical and medical equipment SBDs (excluding buy back).	0	2024		Developed	50%		
8d. % change in the average time taken from request to initiation of repairs/service etc. of a building or a medical equipment at centrally managed hospitals	90 days	2024			20% reduction from baseline		

SCHEDULE 4

Execution of Program

Implementation Arrangements

1. The Borrower, through the Program Executing Agency, shall 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 and ADB. In the event of any discrepancy between the PID and this Loan Agreement, the provisions of this Loan Agreement shall prevail.

2. The Borrower shall ensure that the aggregate amount of Eligible Expenditures under the Program is equal to or exceeds the Financing proceeds withdrawn by the Borrower for the Program. Such Eligible Expenditures are part of the expenditures incurred under NSFDHS, but they exclude any expenditures for (a) procurement of works, goods and services from persons or entities debarred or suspended by ADB; (b) procurement involving High-Value Contracts; (c) any activities which are classified as category A for environmental impact under the SPS; (d) any activities assessed as likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on environment and/or affected people; and (e) any activities which are prohibited investment activities provided in Appendix 5 of the SPS.

DLI Compliance and Program Dialogue

3. The Borrower shall ensure that all DLIs achieved under the Program continue to be complied with for the duration of NSFDHS.

4. The Borrower shall keep ADB informed of discussions with other multilateral or bilateral aid agencies that may have implications for the implementation of NSFDHS and shall provide ADB with an opportunity to comment on any resulting proposals. The Borrower shall give due consideration to ADB's views before finalizing and implementing any such proposal.

Technical Requirements

5. The Borrower shall ensure that all Program Actions in the area of technical requirements are implemented in a timely and efficient manner.

Financial Management

6. The Borrower shall ensure that all Program Actions in the area of financial management are implemented in a timely and efficient manner.

Procurement

7. The Borrower shall ensure that each contract under the Program is awarded on the basis of the Program's procurement system, having due regard for principles of competition, economy and efficiency, transparency, and fairness and equal opportunity.

8. The Borrower shall ensure that all Program Actions in the area of procurement are implemented in a timely and efficient manner.

Schedule 4

Environmental and Social Safeguards

9. The Borrower shall ensure that all Program Actions in the area of environmental and social safeguards are implemented in a timely and efficient manner.

10. (a) The Borrower shall ensure that no construction or rehabilitation works under the Program involve significant adverse environmental impacts that may be classified as category A under the SPS. Prior to commencing any construction or rehabilitation works under the Program, the Borrower shall conduct a screening to ensure that any works that may be classified as category A for environment impacts within the meaning of SPS are excluded from the Program.

(b) The Borrower shall ensure that the preparation, design, construction, implementation, operation and decommissioning of all activities under the Program comply with (i) all applicable laws, regulations and guidelines of the Borrower relating to environment, health and safety; (ii) the Environmental Safeguards; and (iii) all measures and requirements, including monitoring requirements set forth in the Program Action Plan.

11. The Borrower shall ensure that the Program does not involve any resettlement risks or impacts within the meaning of the SPS. If due to unforeseen circumstances, the Program involves any such impacts, the Borrower shall ensure that the Program complies with (a) all applicable laws and regulations of the Borrower relating to resettlement; (b) Involuntary Resettlement Safeguards; and (c) all measures and requirements, including monitoring requirements set forth in the Program Action Plan.

12. The Borrower shall ensure that the Program does not involve any indigenous people risks or impacts within the meaning of the SPS. If due to unforeseen circumstances, the Program involves any such impacts, the Borrower shall ensure that the Program complies with (a) all applicable laws and regulations of the Borrower relating to indigenous peoples; (b) Indigenous Peoples Safeguards; and (c) all measures and requirements, including monitoring requirements set forth in the Program Action Plan.

Gender and Social Equality

13. The Borrower shall ensure that all Program Actions in the area of gender and social equality are implemented in a timely and efficient manner.

Governance and Anticorruption

14. The Borrower shall ensure that the Program complies with the Anticorruption Guidelines and that all appropriate and timely measures are taken to prevent, detect and respond to allegations of fraud, corruption or any other prohibited activities relating to the Program in accordance with the Anticorruption Guidelines.

15. The Borrower shall (a) promptly inform ADB of any allegations of fraud, corruption or any other prohibited activities relating to the Program; and (b) cooperate fully with any investigation by ADB on such allegations and extend all necessary assistance, including providing access to all relevant records, for satisfactory completion of such investigation.

16. Within 90 days of the Effective Date, the Borrower shall update its public website to (a) provide information on progress of the Program; (b) post the annual audited financial statements for the Program, as such financial statements become available; and (c) disseminate other relevant information on Program implementation.