
LOAN NUMBER 2238-MON (SF)

LOAN AGREEMENT
(Special Operations)
(MON: Third Education Development Project)

between

MONGOLIA

and

ASIAN DEVELOPMENT BANK

DATED 18 December 2006

LAS:MON 34187

LOAN AGREEMENT
(Special Operations)

LOAN AGREEMENT dated 18 December 2006 between MONGOLIA (the "Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) the Borrower has applied to ADB for a loan for the purposes of the Project described in Schedule 1 to this Loan Agreement;

(B) the Borrower has also applied to ADB for a technical assistance grant to strengthen institutional capacity of MECS and develop a sector-wide approach in education ("TA");

(C) ADB has agreed to make a loan to the Borrower from ADB's Special Funds resources upon the terms and conditions hereinafter set forth and on the basis of, *inter alia*, the Report and Recommendations of the President to the Board of Directors on a Proposed Loan and Technical Assistance Grant to Mongolia for the Third Education Development Project dated June 2006;

NOW THEREFORE the parties agree as follows:

ARTICLE I

Loan Regulations; Definitions

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

Section 1.02. The definitions set forth in the Loan Regulations are applicable to this Loan Agreement unless the context requires otherwise. In addition, the following terms have the following meanings:

(a) "ESDP" means the Education Sector Development Program as described in the Report and Recommendation of the President to the Board of Directors on a Proposed Loan to Mongolia for the Education Sector Development Program, ADB, Manila, 1996;

(b) "MECS" means Borrower's Ministry of Education, Culture and Science and any successor thereto;

(c) "MOF" means Borrower's Ministry of Finance and any successor thereto;

(d) "PIU" means the Project Implementation Unit within MECS as staffed and structured for the purposes of the Project as described in paragraphs 2(a) of Schedule 5 hereof;

(e) "Procurement Plan" means the procurement plan for the Project, dated May 9, 2006, agreed between the Borrower and ADB, as may be amended from time to time in agreement between the Borrower and ADB;

(f) "Project" has the meaning ascribed to it in Schedule 1 hereof;

(g) "Project Executing Agency" for the purposes, and within the meaning, of the Loan Regulations means MECS, which is responsible for the carrying out of the Project;

(h) "Project facilities" means school facilities rehabilitated under the Project, and facilities, goods, works, and services financed out of the proceeds of the Loan;

(i) "PSC" means the Project Steering Committee to be established for the purposes of the Project as described in Schedule 5 to this Loan Agreement;

(j) "SEDP" means the Second Education Development Project as described in the Report and Recommendation of the President to the Board of Directors on a Proposed Loan to Mongolia for the Second Education Development Project, ADB, Manila, 2002.

ARTICLE II

The Loan

Section 2.01. ADB agrees to lend to the Borrower from ADB's Special Funds resources an amount in various currencies equivalent to eight million seven hundred ninety four thousand Special Drawing Rights (SDR 8,794,000).

Section 2.02. (a) The Borrower shall pay to ADB an interest charge at the rate of one percent (1%) per annum during the grace period, and one and one-half percent (1.5%) per annum thereafter, on the amount of the Loan withdrawn from the Loan Account and outstanding from time to time.

(b) The term "grace period" as used in paragraph (a) of this Section means the period prior to payment of the first principal amount of the Loan on the payment date in accordance with the amortization schedule set forth in Schedule 2 to this Loan Agreement.

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

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

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

ARTICLE III

Use of Proceeds of the Loan

Section 3.01. The Borrower shall cause the proceeds of the Loan to be applied to the financing of expenditures on the Project in accordance with the provisions of this Loan Agreement.

Section 3.02. The goods and services and other items of expenditure to be financed out of the proceeds of the Loan and the allocation of amounts of the Loan among different categories of such goods and services and other items of expenditure shall be in accordance with the provisions of Schedule 3 to this Loan Agreement, as such Schedule may be amended from time to time by agreement between the Borrower and ADB.

Section 3.03. Except as ADB may otherwise agree, all goods and services to be financed out of the proceeds of the Loan shall be procured in accordance with the provisions of Schedule 4 to this Loan Agreement.

Section 3.04. Withdrawals from the Loan Account in respect of goods and services shall be made only on account of expenditures relating to:

- (a) goods which are produced in and supplied from and services which are supplied from such member countries of ADB as shall have been specified by ADB from time to time as eligible sources for procurement, and
- (b) goods and services which meet such other eligibility requirements as shall have been specified by ADB from time to time.

Section 3.05. The Loan Closing Date for the purposes of Section 8.02 of the Loan Regulations shall be 31 March 2012 or such other date as may from time to time be agreed between the Borrower and ADB.

ARTICLE IV

Particular Covenants

Section 4.01. In the carrying out of the Project and operation of the Project facilities, the Borrower shall perform, or cause to be performed, all obligations set forth in Schedule 5 to this Loan Agreement.

Section 4.02. (a) The Borrower shall (i) maintain, or cause to be maintained, separate accounts for the Project; (ii) have such accounts and related financial statements audited annually, in accordance with appropriate auditing standards consistently applied, by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB; (iii) furnish to ADB, as soon as available but in any event not later than 6 months after the end of each related fiscal year, certified copies of such audited accounts and financial statements and the report of the auditors relating thereto (including the auditors' opinion on the use of the Loan proceeds and compliance with the financial covenants of this

Loan Agreement as well as on the use of the procedures for imprest account/statement of expenditures), all in the English language; and (iv) furnish to ADB such other information concerning such accounts and financial statements and the audit thereof as ADB shall from time to time reasonably request.

(b) The Borrower shall enable ADB, upon ADB's request, to discuss the Borrower's financial statements for the Project and its financial affairs related to the Project from time to time with the auditors appointed by the Borrower pursuant to Section 4.02(a) hereabove, and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB, provided that any such discussion shall be conducted only in the presence of an authorized officer of the Borrower unless the Borrower shall otherwise agree.

Section 4.03. The Borrower shall enable ADB's representatives to inspect the Project, the goods financed out of the proceeds of the Loan, and any relevant records and documents.

ARTICLE V

Effectiveness

Section 5.01. A date ninety (90) days after the date of this Loan Agreement is specified for the effectiveness of the Loan Agreement for the purposes of Section 9.04 of the Loan Regulations.

ARTICLE VI

Miscellaneous

Section 6.01. The Minister of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.02 of the Loan Regulations.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the Loan Regulations:

For Mongolia

The Ministry of Finance
Government Building - 2
Negdsen Undestnii gudamj – 5/1
Ulaanbaatar – 210646
Mongolia

Facsimile Number:
+976-11 320-247


For ADB

Asian Development Bank
P.O. Box 789
0980 Manila, Philippines

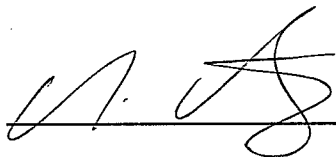
Facsimile Numbers:
(632) 636-2444
(632) 636-2407

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

MONGOLIA

By 
Authorized Representative
2006. 12. 18.

ASIAN DEVELOPMENT BANK

By 
11. 12. 2006
ADRIAN H. RUTHENBERG
Country Director
MONGOLIA RESIDENT MISSION

SCHEDULE 1

Description of the Project

Impact and Outcome

1. The impact of the Project will be improved employability and income earning opportunities of graduates from secondary and vocational education. The Project outcomes are more equitable access to and improved quality and relevance of primary, secondary and vocational education. The Project will build on achievements of ESDP and SEDP and will assist the Borrower in improving the quality and relevance of primary, secondary and vocational education.

Scope

2. The Project comprises three main components:

- (i) Component 1 – Developing a National Curriculum Framework and Aligned Education Standards: will assist MECS in developing new education standards, new professional standards for teachers, a new national curriculum framework for the 12 year education system, and an in-service training system with the objective to improve the quality, relevance and efficiency of primary and secondary education. Component 1 will include the following four subcomponents:
 - (a) strengthening National Education Standards,
 - (b) development of a National Curriculum Framework,
 - (c) establishing a National Accreditation System for pre-service programs and developing a Teacher Certification System, and
 - (d) strengthening professional development for teachers.
- (ii) Component 2 – Improving the Learning Environment in Primary and Secondary Schools: will assist MECS in improving the teaching and learning environments in primary and secondary schools and rationalizing operation and maintenance costs. Approximately 45 schools will be rehabilitated through the provision of adequate heating systems and insulation; improvement of roof structures; repair of sanitation systems; repair of defective walls, ceilings, and damaged floors, doors, windows; and upgrading of school and dormitory facilities, and similar improvements. Additional 30 schools will be technologically upgraded through the provision of (i) information and communication equipment and software for developing and producing teaching and learning materials, (ii) teaching equipment for multipurpose rooms, and (iii) textbooks and reference materials for library facilities.
- (iii) Component 3 – Promoting Demand-Driven Vocational Education: will assist MECS in reforming the current vocational and technical education (VTE) system to improve its quality and relevance. Component 3 will include the following two subcomponents:
 - (a) establishing a policy framework for VTE, and
 - (b) establishing model institutions for vocational education.

3. The Project is expected to be completed by 30 September 2011.

SCHEDULE 2**Amortization Schedule****(MON: Third Education Development Project)**

No.	Date Payment Due	Payment of Principal (expressed in Special Drawing Rights)*
1.	15-Sep-2014	183,208.00
2.	15-Mar-2015	183,208.00
3.	15-Sep-2015	183,208.00
4.	15-Mar-2016	183,208.00
5.	15-Sep-2016	183,208.00
6.	15-Mar-2017	183,208.00
7.	15-Sep-2017	183,208.00
8.	15-Mar-2018	183,208.00
9.	15-Sep-2018	183,208.00
10.	15-Mar-2019	183,208.00
11.	15-Sep-2019	183,208.00
12.	15-Mar-2020	183,208.00
13.	15-Sep-2020	183,208.00
14.	15-Mar-2021	183,208.00
15.	15-Sep-2021	183,208.00
16.	15-Mar-2022	183,208.00
17.	15-Sep-2022	183,208.00
18.	15-Mar-2023	183,208.00
19.	15-Sep-2023	183,208.00
20.	15-Mar-2024	183,208.00
21.	15-Sep-2024	183,208.00
22.	15-Mar-2025	183,208.00
23.	15-Sep-2025	183,208.00
24.	15-Mar-2026	183,208.00
25.	15-Sep-2026	183,208.00
26.	15-Mar-2027	183,208.00
27.	15-Sep-2027	183,208.00
28.	15-Mar-2028	183,208.00
29.	15-Sep-2028	183,208.00
30.	15-Mar-2029	183,208.00
31.	15-Sep-2029	183,208.00
32.	15-Mar-2030	183,208.00
33.	15-Sep-2030	183,208.00
34.	15-Mar-2031	183,208.00
35.	15-Sep-2031	183,208.00
36.	15-Mar-2032	183,208.00
37.	15-Sep-2032	183,208.00
38.	15-Mar-2033	183,208.00
39.	15-Sep-2033	183,208.00
40.	15-Mar-2034	183,208.00
41.	15-Sep-2034	183,208.00

No.	Date Payment Due	Payment of Principal (expressed in Special Drawing Rights)*
42.	15-Mar-2035	183,208.00
43.	15-Sep-2035	183,208.00
44.	15-Mar-2036	183,208.00
45.	15-Sep-2036	183,208.00
46.	15-Mar-2037	183,208.00
47.	15-Sep-2037	183,208.00
48.	15-Mar-2038	183,224.00
TOTAL		8,794,000.00

* The figures in this column represent SDR equivalents determined as of the respective dates of withdrawal. The arrangements for payment of each maturity are subject to the provisions of Sections 3.04 and 4.03 of the Loan Regulations.

SCHEDULE 3

Allocation and Withdrawal of Loan Proceeds

General

1. The table attached to this Schedule sets forth the Categories of goods, services and other items to be financed out of the proceeds of the Loan and the allocation of amounts of the Loan to each such Category (hereinafter called the Table). (Reference to "Category" or "Categories" in this Schedule is to a Category or Categories of the Table and reference to "Subcategory" or "Subcategories" in this Schedule is to a Subcategory or Subcategories of a Category.)

Percentages of ADB Financing

2. Except as ADB may otherwise agree, the items of the Categories listed in the Table shall be financed out of the proceeds of the Loan on the basis of the percentages set forth in the Table.

Interest Charge

3. The amount allocated to Category 7 is for financing the interest charge on the Loan during the implementation period of the Project.

Reallocation

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

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

(b) if the amount of the Loan then allocated to any Category appears to exceed all agreed expenditures in that Category, ADB may, upon request of the Borrower in consultation with ADB, by notice to the Borrower, reallocate such excess amount to any other Category.

Imprest Account; Statement of Expenditures

5. (a) Except as ADB may otherwise agree, the Borrower shall establish immediately after the Effective Date, an imprest account at a commercial bank selected by the Borrower and acceptable to ADB. The imprest account shall be established, managed, replenished and liquidated in accordance with ADB's "Loan Disbursement Handbook" dated January 2001, as amended from time to time, and detailed arrangements agreed upon between the Borrower and ADB. The initial amount to be deposited into the imprest account shall not exceed the equivalent of \$250,000.

(b) The statement of expenditures (SOE) procedure may be used for reimbursement of eligible expenditures and to liquidate advances provided into the imprest account, in accordance with ADB's "Loan Disbursement Handbook" dated January 2001, as amended from time to time, and detailed arrangements agreed upon between the Borrower and ADB. Any individual payment to be reimbursed or liquidated under the SOE procedure shall not exceed the equivalent of \$50,000.

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS

TABLE

(MON: Third Education Development Project)				
CATEGORY				ADB FINANCING
		Amount Allocated SDR, '000		Percentage and Basis for Withdrawal from the Loan Account
№	Item	Category	Subcategory	
1	Civil Works	4,475		100 percent of total expenditure
2	Equipment and Minor Furniture	2,289		100 percent of total expenditure
3	Materials	164		100 percent of total expenditure
4	Capacity Development	367		100 percent of total expenditure
5	Consulting Services	291		100 percent of total expenditure
6	Project Management	315		
6.1	PIU Office Administration		41	100 percent of total expenditure
6.2	Salary for PIU Staff		194	100 percent of total expenditure
6.3	Travel and Per diem		10	100 percent of total expenditure
6.4	Vehicle		27	100 percent of total expenditure
6.5	Master Plan related workshops and Training		27	100 percent of total expenditure
6.6	Vehicle Maintenance and Fuel		16	100 percent of total expenditure
7	Interest Charge	304		100 percent of amount due
8	Unallocated*	589		
	TOTAL	8,794		

Local taxes are excluded.

* This amount is reserved for contingencies and forms part of ADB financing upon appropriate reallocation to the eligible Category(ies)/Subcategory(ies).

SCHEDULE 4

Provisions on Procurement and Services of Consultants

A. General

1. **Goods and Works.** All goods and works required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in the Procurement Guidelines (April 2006), as amended from time to time (hereinafter called the Procurement Guidelines), the Procurement Plan, and with the provisions of this Schedule.

2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in the Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers (April 2006), as amended from time to time (hereinafter called the Consultant Guidelines), the Procurement Plan, and with the provisions of this Schedule.

3. **Definitions.** The capitalized terms used in this Schedule to describe particular methods of procurement by the Borrower, or review by ADB, refer to the corresponding method described in the Procurement Guidelines or the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Works

4. **International Competitive Bidding.** Except as otherwise provided in paragraph 5 below or in the Procurement Plan, including any revision thereto following the Effective Date, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding procedures.

5. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used.

<u>Procurement Method</u>	<u>Conditions</u>
(a) National Competitive Bidding	(i) civil works estimated to cost the equivalent of \$1,000,000 or less, and (ii) supply of goods, equipment and materials (other than minor items) estimated to cost the equivalent of \$500,000 or less
(b) Shopping	supply of goods, equipment and materials estimated to cost the equivalent of \$100,000 or less

C. Particular Methods of Procurement of Consultants' Services

6. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 7 below or in the Procurement Plan, including any revision thereto following the Effective Date, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

7. **Other Methods of Procurement of Consultants' Services.** The following table specifies the methods of procurement, other than Quality- and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

Procurement Method
Other arrangements satisfactory to ADB for selection and engagement of domestic consultants

D. ADB's Review of Procurement Decisions

8. The Procurement Plan shall set forth those contracts which shall be subject to ADB's Post Review. All other contracts shall be subject to Prior Review by ADB.

E. Procurement Plan

9. The Borrower shall update the Procurement Plan as needed throughout implementation of the Project, and on each anniversary of the Effective Date, the Borrower shall in consultation with ADB determine whether the Procurement Plan needs to be updated. The Borrower shall implement the Procurement Plan in the manner in which it has been approved by ADB.

F. Industrial or Intellectual Property Rights

10. The Borrower shall ensure that all ADB-financed goods and works procured (including without limitation all computer hardware, software and systems, whether separately procured or incorporated within other goods and services procured) do not violate or infringe any industrial property or intellectual property right or claim of any third party.

11. The Borrower shall ensure that all ADB-financed contracts for the procurement of goods and works contain appropriate representations, warranties and, if appropriate, indemnities from the contractor or supplier with respect to the matters referred to in paragraph above.

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

SCHEDULE 5

Execution of Project and Operation of Project Facilities; Financial Matters

I. IMPLEMENTATION ARRANGEMENTS

Project Management

1. (a) MECS, as the Project Executing Agency, shall be responsible for overall execution and coordination of the Project.

(b) The PSC shall comprise eight (8) members including two representatives from MECS, one – from Borrower’s Ministry of Labor and Social Welfare, two – from MOF, one – from non-governmental organizations, one – from industry, and one – from development partners. The PSC shall provide strategic guidance in the Project, monitor the implementation of the Project, and ensure donor coordination. The PSC shall meet quarterly or more often as required for the Project.

(c) The Chairman of PSC shall be appointed by MECS and shall serve as the Project Director.

Project Implementation

2. (a) The Project shall be implemented through the PIU that will be responsible for the overall implementation of Project activities and staffed by a project manager and 5 additional staff, who shall be competitively selected.

(b) The Project Director shall coordinate and supervise overall implementation of Project activities.

Counterpart Funding

3. The Borrower shall allocate in a timely manner adequate budget or other source funding for its counterpart share of Project expenditures, specifically (i) government counterpart salaries, (ii) its share of local costs in support of training programs, (iii) incremental recurrent costs for operation and maintenance of all schools and vocational and technical education (VTE) institutions rehabilitated or supported under the Project, and (iv) replacement capital costs for computer equipment to be procured upon full utilization after initial procurement of such equipment. In this connection, the Borrower shall ensure that MECS (or concerned *aimag* administrations as the case may be) provides ADB with evidence of the sufficient provision of budgetary resources for operation and maintenance costs of individual schools and VTE institutions supported under the Project prior to tendering of civil works or provision and installation of equipment.

II. PROJECT COVENANTS

Financing Education Sector

4. The Borrower shall maintain annual expenditures for education sector activities during the Project at a sufficient level satisfactory to ADB. In this connection, the Borrower shall annually provide ADB with information on allocations and actual expenditure for the education sector.

Project Milestones

5. The Borrower, through MECS, shall ensure that schools selected for rehabilitation and modernization meet the following criteria:

- (i) Schools have been identified as priority schools by both MECS and the relevant provincial administration and are not included in any future assistance program on facilities expansion or rehabilitation from any other agency;
- (ii) Schools have a minimum of 30% of enrolled students coming from poor families at the time of selection. For these purposes, the poverty in Mongolia is defined using the minimum living standards approach;
- (iii) Schools have sufficient qualified teachers;
- (iv) School management and MECS provide evidence that adequate budget will be made available for preventive maintenance after rehabilitation; and
- (v) Parents from the community and teachers are willing to be actively involved in rehabilitation and maintenance and in supervising and monitoring school rehabilitation works.

6. The Borrower, through MECS, shall ensure that final selection of schools and scope of rehabilitation works is submitted for ADB concurrence within 6 months of the Effective Date, and that all rehabilitation works under the Project are undertaken within the existing school facilities.

7. Within one year of the Effective Date, the Borrower shall approve the new Education Master Plan for 2006–2015 developed under the TA.

8. Within three years of the Effective Date, the Borrower shall, through MECS, adapt the new national curriculum framework developed under the Project *vis-à-vis* vocational and technical education system and other relevant factors.

9. The Borrower shall ensure that a donor coordination mechanism is developed under the TA within 18 months of the Effective Date, and that MECS complies with such system.

Anticorruption measures

10. The Borrower shall (i) undertake necessary measures to create and sustain a corruption-free environment, (ii) ensure that its anticorruption laws and regulations and ADB's *Anticorruption Policy* (1998), are strictly enforced and are being complied with during

Project implementation, and that relevant provisions of ADB's Anticorruption Policy are included in all bidding documents for the Project, (iii) facilitate in ADB's exercise of its right to investigate, directly or through its agents, any alleged corrupt, fraudulent, collusive or coercive practices relating to the Project, (iv) ensure that MECS conducts periodic inspections on the contractors' activities related to fund withdrawals and settlements, and (v) ensure that all contracts financed by ADB in connection with the Project include provisions specifying the right of ADB to audit and examine the records and accounts of the Executing Agency and all contractors, suppliers, consultants and other service providers as they relate to the Project.

Project Performance Monitoring and Evaluation

11. Within three months of the Effective Date, MECS shall finalize and adopt a comprehensive PPMS framework, acceptable to ADB, based upon the PPMS indicators agreed upon between MECS and ADB. The PPMS framework shall include comprehensive procedures for generating data required to monitor the PPMS indicators and methodologies for collecting and reporting the PPMS indicators. MECS shall monitor the PPMS indicators, through the PPMS framework, on a quarterly basis to determine the efficiency and effectiveness of the Project and its impacts and to ensure that the Project facilities are managed effectively, and that the Project benefits are maximized. MECS shall provide to ADB annual PPMS monitoring reports, in form and substance acceptable to ADB, from the commencement of Project implementation until Project completion and, thereafter, MECS or its assignee, as the case may be, shall provide such reports to ADB for the first three years after Project completion.

12. The Borrower and ADB shall jointly undertake semiannual reviews of the Project. The semi-annual reviews will assess progress in each component, identify issues and constraints and determine necessary remedial action and adjustments.

Midterm Review

13. At the end of the third year of implementation of the Project, the Borrower and ADB shall jointly carry out a midterm review of the Project. The midterm review will (i) review the scope, design, and implementation arrangements and identify adjustments required; (ii) assess progress of the project implementation against performance indicators; and (iii) if necessary, recommend changes in the design or implementation arrangements.