
LOAN NUMBER 2380-UZB(SF)

LOAN AGREEMENT
(Special Operations)
(Rural Basic Education Project)

between

REPUBLIC OF UZBEKISTAN

and

ASIAN DEVELOPMENT BANK

DATED 10 JUNE 2008

LAL: UZB 40049

**LOAN AGREEMENT
(Special Operations)**

LOAN AGREEMENT dated 10 June 2008 between REPUBLIC OF UZBEKISTAN ("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; and

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

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

Loan Regulations; Definitions

Section 1.01. All the 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) "COM" means the Cabinet of Ministers of the Borrower;

(b) "Consulting Guidelines" means ADB's Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers (2007, as amended from time to time);

(c) "ESDP" means the ADB-financed Education Sector Development Project (Loan No. 1961-UZB);

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

(e) "mahalla" means a community-based body of citizen self-management;

(f) "MOF" means the Ministry of Finance of the Borrower, or any successor thereto;

(g) "MOPE" means the Ministry of Public Education of the Borrower, or any successor thereto;

(h) "NPBED" means the National Program for Basic Education Development of the Borrower for 2004-2009;

(i) "oblast" means a province in the Borrower's territory;

(j) "O&M" means operation and maintenance;

(k) "PIU" means the Project Implementation Unit described in paragraph 3 of Schedule 5 to this Loan Agreement;

(l) "Procurement Guidelines" means ADB's Procurement Guidelines (2007, as amended from time to time);

(m) "Procurement Plan" means the procurement plan for the Project dated 5 November 2007 and agreed between the Borrower and ADB, as updated from time to time in accordance with Procurement Guidelines, Consulting Guidelines, and other arrangements agreed with ADB;

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

(o) "Project facilities" means the Goods and consulting services provided under the Project;

(p) "Project oblast" means each of the Borrower's Tashkent, Surkhandarya, and Kashkadarya oblasts covered under the Project;

(q) "PSC" means the Project Steering Committee described in paragraph 2 of Schedule 5 to this Loan Agreement; and

(r) "raion" means a district in the Borrower's territory.

ARTICLE II

The Loan

Section 2.01. (a) ADB agrees to lend to the Borrower from ADB's Special Funds resources an amount in various currencies equivalent to nineteen million and one hundred twenty two thousand Special Drawing Rights (SDR19,122,000).

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 February and 15 August 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 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, consulting 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, consulting 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 consulting 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 consulting services shall be made only on account of expenditures relating to

(a) Goods which are produced in and supplied from and consulting services which are supplied from such member countries of ADB as shall have been specified by ADB from time to time as eligible sources for procurement, and

(b) Goods and consulting 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 30 June 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 six (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.

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

ARTICLE V

Effectiveness

Section 5.01. The following is specified as an additional condition to the effectiveness of this Loan Agreement for the purposes of Section 9.01(f) of the Loan Regulations: the six (6) additional PIU staff, including the deputy Project manager, shall have been recruited and the deputy Project manager, shall have been appointed, as specified in paragraph 1(c) of Schedule 5 to this Loan Agreement.

Section 5.02. A date sixty (60) 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 the Borrower

Ministry of Finance
Mustakillik Maidoni, 5
Tashkent 100008
Republic of Uzbekistan

Facsimile Numbers:

(998-71) 144-5643
(998-71) 133-0925.

For ADB

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

Cable Address:

ASIANBANK
MANILA

Telex Numbers:

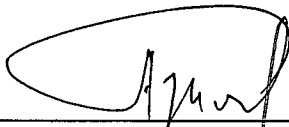
29066 ADB PH (RCA)
42205 ADB PM (ITT)
63587 ADB PN (ETPI)

Facsimile Numbers:

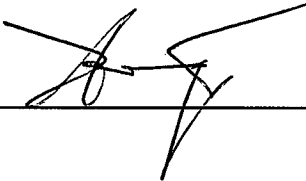
(632) 636-2444
(632) 636-2407.

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.

REPUBLIC OF UZBEKISTAN

By  _____
Authorized Representative
Rustam Azimov
First Deputy Prime Minister
Minister of Finance

ASIAN DEVELOPMENT BANK

By  _____

SCHEDULE 1

Description of the Project

1. The impact of the Project will be improved opportunities for children from rural areas to progress to higher levels of education. The expected outcome of the Project is more equitable access to and improved quality and relevance of basic education in rural areas of the Project oblasts. This will complement NPBED, which is aimed at strengthening basic education on a nation-wide level.
2. The Project shall:
 - (a) through Component A (Upgrading Rural Schools), provide for: (i) modern science laboratory equipment, teaching aids and furniture for science laboratories for biology, chemistry and physics; (ii) classroom furniture; (iii) general teaching aids; and (iv) reading materials and library furniture, and their installation, for approximately seven hundred (700) schools constructed and/or rehabilitated under NPBED;
 - (b) through Component B (Teacher Development), provide for: (i) capacity building of three provincial Teacher Training Institutes through training approximately eighty-four (84) trainers; (ii) capacity building of raion education departments through training approximately three hundred (300) methodologists; and (iii) supporting training workshops on teacher development at the local and national levels; and
 - (c) through Component C (Community Participation): (i) provide assistance in the establishment and/or strengthening of school boards at all schools supported by the Project; (ii) support development of training materials to strengthen the capability of oblast and raion education departments and the three (3) provincial Teacher Training Institutes in the Project oblasts in promoting community participation in school activities; and (iii) raising public awareness of the benefits of community participation in school activities
3. The Project shall also include the provision of consulting services.
4. The Project is expected to be completed by 31 December 2011.

SCHEDULE 2**Amortization Schedule
(Rural Basic Education Project)**

<u>Period</u>	<u>Date Payment Due</u>			<u>Payment of Principal (expressed in SDR)*</u>
1	15	February	2016	398,375.00
2	15	August	2016	398,375.00
3	15	February	2017	398,375.00
4	15	August	2017	398,375.00
5	15	February	2018	398,375.00
6	15	August	2018	398,375.00
7	15	February	2019	398,375.00
8	15	August	2019	398,375.00
9	15	February	2020	398,375.00
10	15	August	2020	398,375.00
11	15	February	2021	398,375.00
12	15	August	2021	398,375.00
13	15	February	2022	398,375.00
14	15	August	2022	398,375.00
15	15	February	2023	398,375.00
16	15	August	2023	398,375.00
17	15	February	2024	398,375.00
18	15	August	2024	398,375.00
19	15	February	2025	398,375.00
20	15	August	2025	398,375.00
21	15	February	2026	398,375.00
22	15	August	2026	398,375.00
23	15	February	2027	398,375.00
24	15	August	2027	398,375.00
25	15	February	2028	398,375.00
26	15	August	2028	398,375.00
27	15	February	2029	398,375.00
28	15	August	2029	398,375.00
29	15	February	2030	398,375.00
30	15	August	2030	398,375.00
31	15	February	2031	398,375.00
32	15	August	2031	398,375.00
33	15	February	2032	398,375.00
34	15	August	2032	398,375.00
35	15	February	2033	398,375.00
36	15	August	2033	398,375.00

* 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 relevant provisions of the Special Operations Loan Regulations.

<u>Period</u>	<u>Date Payment Due</u>			<u>Payment of Principal (expressed in SDR)*</u>
37	15	February	2034	398,375.00
38	15	August	2034	398,375.00
39	15	February	2035	398,375.00
40	15	August	2035	398,375.00
41	15	February	2036	398,375.00
42	15	August	2036	398,375.00
43	15	February	2037	398,375.00
44	15	August	2037	398,375.00
45	15	February	2038	398,375.00
46	15	August	2038	398,375.00
47	15	February	2039	398,375.00
48	15	August	2039	<u>398,375.00</u>
	TOTAL			<u>19,122,000.00</u>

* 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 relevant provisions of the Special Operations Loan Regulations.

SCHEDULE 3

Allocation and Withdrawal of Loan Proceeds

General

1. The table attached to this Schedule sets forth the Categories of Goods, consulting 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 ("Table"). (Reference to "Category" or "Categories" in this Schedule is to a Category or Categories of the Table.)

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.

Reallocation

3. Notwithstanding the allocation of Loan proceeds and the withdrawal percentages set forth in the Table:

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

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

Disbursement Procedures

4. Except as ADB may otherwise agree, the Loan proceeds for financing Goods, consulting services and other items shall be disbursed in accordance with ADB's *Loan Disbursement Handbook* (2007, as amended from time to time) ("ADB's *Loan Disbursement Handbook*").

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, acceptable to ADB. The imprest account shall be established, managed, replenished and liquidated in accordance with ADB's *Loan Disbursement Handbook* and arrangements agreed upon between the Borrower and ADB. The currency of the imprest account shall be Dollar. The

initial amount to be deposited into the imprest account shall not exceed the equivalent of \$100,000.

(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* 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 \$20,000.

Retroactive Financing

6. Withdrawals from the Loan Account may be made for reimbursement of reasonable expenditures incurred under the Project before the Effective Date, but not earlier than twelve (12) months before the date of this Loan Agreement in connection with: (a) the procurement of a vehicle and additional office equipment for the PIU; and (b) the recruitment of six (6) additional PIU staff, comprising a deputy Project manager, a finance specialist, a monitoring and evaluation specialist, a procurement specialist, an office assistant and an accountant, subject to a maximum amount equivalent to 20 percent of the Loan amount.

TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Rural Basic Education Project)			
CATEGORY			ADB FINANCING
Number	Item	Amount Allocated	Percentage and Basis
		SDR	for Withdrawal from the Loan Account
		Category	
1	Equipment	14,959,000	100 percent of total expenditure*
2	Instruction Materials	1,499,000	100 percent of total expenditure*
3	Training	177,000	100 percent of total expenditure*
4	Consulting Services	678,000	100 percent of total expenditure*
5	Project Management (Salaries)	54,000	60 percent of total expenditure
6	O&M, Audit, Monitoring and Evaluation Studies	117,000	100 percent of total expenditure*
7	Unallocated	1,638,000	
8	Total	19,122,000	

*Exclusive of taxes and duties imposed in the territory of the Borrower.

SCHEDULE 4

Procurement of Goods and Consulting Services

General

1. All Goods and consulting services to be financed out of the proceeds of the Loan shall be subject to and governed by the Procurement Guidelines and the Consulting Guidelines, respectively.
2. All terms used and not otherwise defined in this Loan Agreement have the meanings provided in the Procurement Guidelines and/or the Consulting Guidelines, as applicable.

Procurement of Goods

3. Except as ADB may otherwise agree, Goods shall only be procured on the basis of the methods of procurement set forth below:

International Competitive Bidding
National Competitive Bidding
Shopping

The methods of procurement are subject to, among other things, the detailed arrangements and threshold values set forth in the Procurement Plan. The Borrower may only modify the methods of procurement or threshold values with the prior agreement of ADB, and modifications must be set out in updates to the Procurement Plan.

4. The Borrower may grant a margin of preference in the evaluation of bids under international competitive bidding in accordance with paragraphs 2.55(a) and 2.56 of the Procurement Guidelines for domestically manufactured Goods.
5. No procurement activity may be undertaken under national competitive bidding until ADB and the Borrower have agreed in writing on any necessary modifications or clarifications to the Borrower's standard procurement procedures set forth in the applicable resolutions of the COM to ensure consistency with ADB's Procurement Guidelines. Such modifications or clarifications shall be subsequently reflected in the Procurement Plan and are hereby incorporated by reference to this Loan Agreement.

Selection of Consulting Services

6. Except as ADB may otherwise agree, the Borrower shall apply quality- and cost-based selection for selecting and engaging consulting services.
7. The Borrower shall select and engage individual consultants in accordance with ADB's procedures for recruitment of individual consultants.

Industrial or Intellectual Property Rights

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

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

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

ADB's Review of Procurement Decisions

10. All contracts procured under international competitive bidding procedures and contracts for consulting services shall be subject to prior review by ADB, unless otherwise agreed between the Borrower and ADB and set forth in the Procurement Plan.

SCHEDULE 5

Execution of Project and Operation of Project Facilities; Financial Matters

Implementation Arrangements

1. The Borrower shall ensure that the Project execution and implementation arrangements set forth in this Loan Agreement shall be carried out in accordance with the terms of this Loan Agreement. Specifically:

(a) the MOPE shall: (i) be the Project Executing Agency; and (ii) appoint the Project director to coordinate the implementation of Project activities;

(b) the Borrower shall establish a Project Steering Committee ("PSC") to provide strategic guidance for, and monitor the implementation of, the Project. The PSC shall be chaired by the Minister of the MOPE and shall be comprised of eight (8) members representing the MOF, the MOPE, the mahalla committees and oblast administrations of the Project oblasts. The PSC shall meet at least on a quarterly basis;

(c) the project implementation unit established under the ESDP or any successor thereto acceptable to ADB shall serve as the Project Implementation Unit ("PIU") for this Project. The PIU shall be responsible for overall implementation of the Project. The Borrower shall ensure that the PIU has adequate and qualified staff and other resources at all times throughout Project implementation. For ensuring smooth transition of Project implementation on the completion of ESDP, the Borrower shall engage six (6) additional staff, including a deputy Project manager, a procurement specialist, a finance specialist, a monitoring and evaluation specialist, an administrative assistant, and an accountant. The deputy Project manager to be recruited and appointed for the Project shall be acceptable to ADB. Office space for PIU shall be provided by the MOPE. The PIU shall report to the Project director and provide quarterly progress reports to the PSC, MOPE, and ADB; and

(d) a joint implementation plan for 2008–2009 for activities under ESDP and this Project shall be developed and agreed upon between MOPE and ADB within three (3) months of the Effective Date.

Counterpart Funding

2. Without limiting the generality of Section 6.06 of the Loan Regulations, the Borrower shall:

(a) maintain the Borrower's annual expenditure for education sector activities during Project implementation at no less than seven and one-half percent (7.5%) of its gross domestic product; and

(b) allocate in the Borrower's budget, and release in a timely manner, counterpart funding for: (i) constructing and/or rehabilitating schools during 2007-2009; (ii) supporting teacher training programs; (iii) incremental recurrent costs for O&M of schools supported under the Project; and (iv) interest charges.

3. The Borrower shall provide ADB with information on allocations and actual expenditures for the basic education system through submission of annual reports, in a form acceptable to ADB.

Construction and Rehabilitation of Schools

4. The Borrower shall ensure that the construction and rehabilitation of schools under NPBED is completed by 1 September 2010.

5. The Borrower shall ensure that all civil works under the Project: (a) are carried out in accordance with the environmental and health and safety laws and regulations of the Borrower, ADB's Environment Policy (2002) and ADB's Involuntary Resettlement Policy (1995); and (b) do not require any land acquisition. For the avoidance of doubt, any construction for the Project shall be carried out only on unoccupied and unused public land.

Upgrading Rural Schools - Schools Selection Criteria and Process

6. The Borrower shall ensure that the selection of schools under the Project is carried out on a competitive basis through a two-stage process described herein:

(a) the Borrower through the MOPE shall identify eligible schools based on the criteria set forth in paragraph 7 below, and officially invite the eligible schools to submit their school improvement plans ("School Improvement Plans"); and

(b) within three (3) months of the Effective Date, the Borrower through the MOPE shall establish the selection committees for each of the three Project oblasts ("Selection Committees") to consider the respective School Improvement Plans. The Selection Committees shall be provided by pro-forma form for the School Improvement Plans developed by the MOPE and ADB. A list of eligible schools identified pursuant to the two-step approach shall be then submitted to the MOPE for final selection and upon final selection by the MOPE, be submitted by the MOPE to ADB for approval. Schools selected by the MOPE and approved by ADB shall be described hereinafter as "Selected Schools".

7. The Borrower MOPE shall identify eligible schools based on the following eligibility criteria:

(a) schools must be constructed or comprehensively rehabilitated under NPBED;

(b) schools must be located in a rural area (outside of a city or town) within the Project oblast;

(c) schools must have science laboratory and library rooms suitable to accommodate equipment and materials to be provided under the Project; and

(d) schools must have not received any laboratory equipment from international donors during the last five (5) years or have received only partial equipment for the last 5 years from international donors under the government-approved projects.

8. The Borrower shall ensure that each Selection Committee consists of five members, including one (1) representative from the oblast administration, two (2) representatives from raion administrations and two (2) representatives from civil society organizations.

9. The Borrower shall submit to ADB a first batch of the Selected Schools within six (6) months of the Effective Date. Each subsequent batch of the Selected Schools shall be submitted by the Borrower to ADB by 31 March of each year during Project implementation.

10. The Borrower shall ensure that all Selected Schools : (a) prior to 31 December 2008, develop plans on proper waste treatment; (b) prior to 31 December 2008, develop training programs for proper handling and disposal of hazardous and toxic materials, and other safety measures in the science laboratories; and (c) throughout Project implementation, conduct regular fire and chemical spills drills in accordance with environmental and health and safety laws and regulations of the Borrower.

11. The Borrower shall ensure that, based on demand, education and reading materials and teacher training courses under the Project are also provided in the languages of the ethnic minorities.

Teacher Development

12. The Borrower shall ensure that the in-service teacher training model is integrated in the national in-service teacher training system by 31 December 2010. Such in-service teacher training model shall focus on the specific needs of teachers taking into consideration the working conditions in rural areas to ensure full participation of rural teachers in training opportunities.

Transparency and Anticorruption

13. The Borrower shall ensure that: (a) relevant provisions of ADB's Anticorruption Policy (1998, as amended to date) are included in all bidding documents; (b) 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 MOPE and all contractors, suppliers, consultants, and other service providers as they relate to the Project; and (c) an audit of procurement activities is carried out at least twice during the Project implementation. The cost of the audit shall be financed by the Project provided that the auditor is selected through a competitive process and has qualifications and terms of reference acceptable to ADB.

14. The Borrower shall establish, within six (6) months of the Effective Date, a dedicated webpage on the MOPE's website to present information on the Project implementation progress, including information on, among other things, schools selected, teacher training programs, procurement activities, including lists of participating bidders, names of the winning bidders, basic details on the adopted bidding procedures, amounts of the contracts awarded, the list of goods and/or services purchased, and their intended and actual utilization.

Project Performance Management System

15. The Borrower shall, within three (3) months of the Effective Date, establish a project performance management system ("PPMS") to monitor progress of Project implementation. The agreed key baseline indicators shall be used to: (a) assess the integration of new teaching equipment in curriculum and lesson plans and its utilization by teachers and students; (b) review the application of new knowledge and skills by managers and teachers trained under the Project; (c) evaluate Project impacts on the participation of disabled students and students from poor families; and (d) monitor and evaluate gender equality in the Project activities. Results from the monitoring shall be used to adjust the annual implementation plans. A system to monitor drop outs and attendances in rural schools shall be established jointly with qualified non-government organizations. Feedback from parents and teachers shall be collected to assess whether improved learning environments have resulted in better learning achievements. Construction and rehabilitation works shall be monitored and reported to the PSC and ADB on an annual basis.

Reporting

16. The Borrower shall ensure that quarterly reports are prepared by the PIU and approved by the PSC. Each quarterly report, in a form acceptable to ADB, shall be submitted to ADB within thirty (30) days from the end of each quarter to which it relates, and shall indicate, among other matters: (a) progress made against established targets; (b) problems and constraints encountered during the last quarter, steps taken and proposed to be taken to resolve problems; (c) compliance with the covenants; and (d) the proposed program of activities for the succeeding quarter. Within three (3) months of Project completion, MOPE through the PIU shall submit to ADB a detailed Project completion report.

Project Review

17. The Borrower and ADB shall jointly undertake semiannual reviews of the Project. These reviews shall assess progress on each component, identify issues and constraints, and determine necessary remedial action and adjustments. A midterm review shall be conducted at the end of the second year of Project implementation. The midterm review shall: (a) review the scope, design, and implementation arrangements and identify adjustments required; (b) assess progress of the Project implementation against performance indicators; and (c) recommend changes in the design or implementation arrangements, if necessary.