

CONFORMED COPY

LOAN NUMBER 7332-HR

Loan Agreement

(Education Sector Development Project)

between

REPUBLIC OF CROATIA

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

Dated October 17, 2005



LOAN NUMBER 7332-HR

LOAN AGREEMENT

AGREEMENT, dated October 17, 2005, between the REPUBLIC OF CROATIA (the Borrower) and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

(A) WHEREAS the Bank has received from the Borrower an “Education Sector Development Plan” dated June 9, 2005, describing program of actions designed to develop the Borrower’s education sector during the period 2005-2010 (the Program) and expressing the Borrower’s commitment to the execution of such Program;

(B) WHEREAS the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement (the Project), has requested the Bank to assist in the financing of the Project; and

(C) WHEREAS the Bank has agreed, on the basis, *inter alia*, of the foregoing, to extend the Loan to the Borrower upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The “General Conditions Applicable to Loan and Guarantee Agreements for Fixed-Spread Loans” of the Bank, dated September 1, 1999 (as amended through May 1, 2004) with the modifications set forth below (the General Conditions) constitute an integral part of this Agreement.

(a) Section 6.03 (c) of the General Conditions is amended by replacing the words: “corrupt or fraudulent” with the words “corrupt, fraudulent, collusive or coercive”.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth:

(a) “EMP” means the Environmental Management Plan, prepared and adopted by the Borrower on January 17, 2005, describing the environmental mitigation,

monitoring and institutional measures under the Project, such EMP to be included in the Operational Manual (as defined hereinafter);

(b) “Annual Development Plan” or “ADP” means the annual plan of activities included in the Program to be carried out in each Fiscal Year under the Program, as agreed upon between the Borrower and the Bank pursuant to paragraph 3 of Schedule 5 to this Agreement;

(c) “Financial Monitoring Report” or “FMR” means each report prepared in accordance with Section 4.02 of this Agreement;

(d) “MoSES” means the Ministry of Science, Education and Sports of the Borrower, or any legal successor thereto;

(e) “Operational Manual” means the manual, describing procedures for implementation of the Project, consistent with the provisions of this Agreement and with the national laws and regulations of the Borrower and including, *inter alia*: (i) procedures governing administrative, procurement, accounting, financial management, monitoring and evaluation arrangements; (ii) sample formats of Annual Development Plans and annual reports; (iii) the eligibility criteria, selection procedures, terms and conditions and procurement arrangements for the provisions of the grants to the schools and Project beneficiaries; and (iv) the EMP; as the same may be amended from time to time with the agreement of the Bank;

(f) “Procurement Plan” means the Borrower’s procurement plan covering the first and each successive ADP, as the same shall be updated from time to time in accordance with the provisions of Section 3.02 to this Agreement;

(g) “Designated Account” means the account referred to in Part B of Schedule 1 to this Agreement;

(h) “Fiscal Year” means the twelve-month period beginning January 1 and ending December 31 of each year;

(i) “Eligible Program Expenditures” means the expenditures for goods, works, consultants’ services, training, incremental operating costs and grants required for carrying out the Project in accordance with the ADPs; and

(j) “Report-based Disbursements” means the procedures for withdrawal of funds from the Loan Account referred to in Part A.4 of Schedule 1 to this Agreement.

ARTICLE II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Loan Agreement, an amount equal to sixty-seven million and eight hundred thousand Euro (EUR 67,800,000).

Section 2.02. The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement for Eligible Program Expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods, works, consultants' services, training, incremental operating costs and grants required under the Project and to be financed out of the proceeds of the Loan through transfers for ADPs.

Section 2.03. The Closing Date shall be March 31, 2010, or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower of such later date.

Section 2.04. The Borrower shall pay to the Bank a front-end fee in an amount equal to one percent (1%) of the amount of the Loan, subject to any waiver of a portion of such fee as may be determined by the Bank from time to time. Such fee shall be payable not later than sixty (60) days after the Effective Date.

Section 2.05. The Borrower shall pay to the Bank a commitment charge on the principal amount of the Loan not withdrawn from time to time, at a rate equal to: (i) eighty-five one-hundredths of one per cent (0.85%) from the date on which such charge commences to accrue in accordance with the provisions of Section 3.02 of the General Conditions to but not including the fourth anniversary of such date; and (ii) seventy-five one-hundredths of one percent (0.75%) per annum thereafter.

Section 2.06. The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Interest Period at the Variable Rate.

Section 2.07. Interest and other charges shall be payable semiannually in arrears on May 15 and November 15 in each year.

Section 2.08. The Borrower shall repay the principal amount of the Loan in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project, and, to this end, shall carry out the Project through MoSES with due diligence and efficiency and in conformity with appropriate administrative, financial, educational and environmental practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Borrower and the Bank shall otherwise agree, the Borrower shall, through MoSES, carry out the Project in accordance with the Implementation Program set forth in Schedule 5 to this Agreement and with the Operational Manual.

Section 3.02. (a) Except as the Bank shall otherwise agree, procurement of goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 4 to this Agreement, as said provisions may be further elaborated in the Procurement Plan.

(b) The Borrower, through MoSES, shall update the Procurement Plan in accordance with guidelines agreed upon between MoSES and the Bank, and furnish such updates to the Bank at the same time when a respective ADP shall be submitted for the Bank's approval pursuant to the provisions of paragraph 3 of Schedule 5 to this Agreement.

Section 3.03. For the purposes of Section 9.07 of the General Conditions and without limitation thereto, the Borrower, through MoSES, shall:

(a) prepare, on the basis of guidelines acceptable to the Bank, and furnish to the Bank not later than two (2) months after the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Bank, a plan designed to ensure the continued achievement of the Project's objectives; and

(b) afford the Bank a reasonable opportunity to exchange views with the Borrower on said plan.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall maintain a financial management system, including records and accounts, and prepare financial statements in accordance with

consistently applied accounting standards, acceptable to the Bank, adequate to reflect the operations, resources and expenditures related to the Project.

(b) The Borrower shall:

- (i) have the financial statements referred to in paragraph (a) of this Section for each Fiscal Year (or other period agreed by the Bank) audited, in accordance with consistently applied auditing standards acceptable to the Bank, consistently applied, by independent auditors acceptable to the Bank;
- (ii) furnish to the Bank as soon as available, but in any case not later than six (6) months after the end of each such year or such other period agreed to by the Bank: (A) certified copies of the financial statements referred to in paragraph (a) of this Section for such year or such other period agreed to by the Bank, as so audited; and (B) an opinion on such statements by said auditors, in scope and detail satisfactory to the Bank; and
- (iii) furnish to the Bank such other information concerning such records and accounts, and the audit of such financial statements, and concerning said auditors, as the Bank may from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals were made from the Loan Account, the Borrower shall:

- (i) retain, until at least one (1) year after the Bank has received the audit report for, or covering, the fiscal year in which the last withdrawal from the Loan Account was made, all financial records (contracts, orders, invoices, bills, receipts and other documents);
- (ii) enable the Bank's representatives to examine such records; and
- (iii) ensure that such financial records are included in the audit for each fiscal year (or other period agreed to by the Bank), referred to in paragraph (b) of this Section.

Section 4.02. (a) Without limitation upon the Borrower's progress reporting obligations set out in Schedule 5 to this Agreement, the Borrower, through MoSES, shall prepare and furnish to the Bank a Financial Monitoring Report, in form and substance satisfactory to the Bank, which:

- (i) sets forth uses of funds for the Project, both cumulatively and for the period covered by said report, and explains variances between the actual and planned uses of such funds; and
- (ii) sets forth the status of procurement under the Project, as at the end of the period covered by said report.

(b) The first FMR shall be furnished to the Bank not later than thirty (30) days after the end of the first six (6) months of the first ADP, and shall cover the period from the incurrence of the first expenditure under the Project through the end of such first calendar semester; thereafter, each FMR shall be furnished to the Bank not later than thirty (30) days after each subsequent calendar semester, and shall cover such calendar semester.

ARTICLE V

Remedies

Section 5.01. Pursuant to Section 6.02 (p) of the General Conditions, the following additional event is specified, namely that, a situation has arisen which shall make it improbable that the Program or a significant part thereof, will be carried out.

ARTICLE VI

Effective Date; Termination

Section 6.01. The following event is specified as an additional condition to the effectiveness of the Loan Agreement within the meaning of Section 12.01 (c) of the General Conditions, namely that the Borrower, through MoSES, shall have adopted the Operational Manual, satisfactory to the Bank.

Section 6.02. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VII

Representative of the Borrower; Addresses

Section 7.01. The Minister of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Ministry of Finance
Katančeva 5
Zagreb 10000
Republic of Croatia

Cable address:	Telex:	Facsimile:
Ministry of Finance	862-21215 or	
Zagreb	862-21833	(385-1) 4922-598

For the Bank:

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

Cable address:	Telex:	Facsimile:
INTBAFRAD	248423 (MCI) or	(202) 477-6391
Washington, D.C.	64145 (MCI)	

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in Zagreb, Republic of Croatia, as of the day and year first above written.

REPUBLIC OF CROATIA

By: /s/ Ivan Suker

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By: /s/ Anand Seth

Authorized Representative

SCHEDULE 1

Withdrawal of the Proceeds of the Loan

A. General

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Loan, the allocation of the amounts of the Loan to each Category and the percentage of expenditures for items so to be financed in each Category:

<u>Category</u>	<u>Amount of the Loan Allocated (Expressed in Euro)</u>	<u>% of Expenditures to be financed</u>
(1) Transfers for ADPs	67,800,000	Such amount of Eligible Program Expenditures as shall be agreed between the Borrower and the Bank for the respective ADP
<hr/>		
TOTAL	<u>67,800,000</u>	

2. For the purposes of this Schedule, the term “Transfers for ADPs” means the amount from the proceeds of the Loan transferred by the Bank, through the Borrower’s Ministry of Finance, to MoSES’s budget to cover the costs of goods, works, consultants’ services, training, incremental operating costs and grants required for the implementation of the ADP for a particular Fiscal Year.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of: (i) payments made for expenditures prior to the date of this Agreement; and (ii) payments made under Category (1) set forth in the table in paragraph 1 to this Schedule until the fee referred to in Section 2.04 of the Agreement has been paid.

4. Withdrawals from the Loan Account shall be made on the basis of an ADP for a respective Fiscal Year and a report to be submitted to the Bank in form and substance satisfactory to the Bank, such report to include the FMR for the preceding six-month period and any other information as the Bank shall specify by notice to the Borrower (Report-based Disbursements). In case of the first such request submitted to the Bank, the Borrower shall submit to the Bank only the ADP for the respective Fiscal Year and a statement with the projected sources and applications of funds for the Project for the first six-month period of that ADP.

B. Designated Account

1. The Borrower shall open and maintain in Euro, a designated account in the Croatian National Bank on terms and conditions satisfactory to the Bank.

2. Upon receipt of each application for withdrawal of an amount of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Designated Account an amount equal to the lesser of: (a) the amount so requested; or (b) the amount which the Bank has determined, based on the FMR and the ADP applicable to such withdrawal application, is required to be deposited in order to finance Eligible Program Expenditures during the six-month (6) period following the date of such application.

3. Payments out of the Designated Account shall be made exclusively for Eligible Program Expenditures.

4. Notwithstanding the provisions of Part B.2 of this Schedule, the Bank shall not be required to make further deposits into the Designated Account:

(a) if the Bank, at any time, is not satisfied that the FMRs and reports referred to in paragraph 3 of Schedule 5 to this Agreement adequately provide the information required for Report-based Disbursements, as such information and the scope of the reports are specified in the Operational Manual;

(b) if the Borrower shall have failed to furnish to the Bank, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Bank pursuant to said Section in respect of the audit of: (A) the records and accounts for the Designated Account; or (B) the records and accounts reflecting expenditures with respect to which withdrawals were made from the Loan Account.

5. The Bank shall not be required to make further deposits into the Designated Account in accordance with the provisions of Part B.2 of this Schedule if, at any time, the Bank shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Loan Account pursuant to Section 6.02 of the General Conditions. Upon such notification, the Bank shall determine, in its sole discretion, whether further deposits into the Designated Account may be made and what procedures should be followed for making such deposits, and shall notify the Borrower of its determination.

6. (a) If the Bank determines at any time that any payment out of the Designated Account was made for an expenditure which is not an Eligible Program Expenditure, or was not justified by the evidence furnished to the Bank, the Borrower shall, promptly upon notice from the Bank, provide such additional evidence as the Bank

may request, or deposit into the Designated Account (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment. Unless the Bank shall otherwise agree, no further deposit by the Bank into the Designated Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) Refunds to the Bank made pursuant to sub-paragraph (a) of this paragraph 6 shall be credited to the Loan Account for subsequent withdrawal or for cancellation in accordance with the provisions of the Loan Agreement.

SCHEDULE 2

Description of the Project

The objective of the Project is to improve student learning and education system performance by introducing a wider range of teaching and learning methods and strengthening the education system management.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Bank may agree upon from time to time to achieve such objectives:

Part A: Enriching Classroom Practices

1. Assistance for converting the school syllabi to school curricula, developing teachers' professional knowledge and skills, and promoting school-level improvement and creation of professional learning communities for teachers in schools.
2. Provision of training of school curriculum specialists, in-service training for teachers, new teaching and learning facilities, upgrading regional teacher training centers and new curriculum materials for teachers.

Part B: Improving Monitoring and Evaluation

1. Support for the design and establishment of an externally administrated school leaving examination (*Matura*) and the related logistics as well as the development of educational evaluation practices within the Borrower's national education system.
2. Support for developing educational policies, activities and structures aimed at improving the capacities of the education system to collect, analyze and disseminate information related to the system's inputs, processes, outputs and other performance, including students' achievement.

Part C: Strengthening Management and Leadership

1. Provision of assistance to improve educational management (including policy, planning and fiduciary capacities) at the central level, administration and coordination capacities at the regional level and educational leadership at school level.
2. Support for the establishment of a system (including facilities) for leadership training for school principals, regional and local education authorities and MoSES staff.

Part D: Supporting Local Development and Innovations

1. Support for the regionally initiated education development plans and innovations within the agreed education sector development criteria.

2. Reduction of multi-shifts in schools through the expansion of the educational infrastructure and their services to families and students through optional and non-formal activities.

* * *

The Project is expected to be completed by September 30, 2009.

SCHEDULE 3

Amortization Schedule

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (Installment Share). If the proceeds of the Loan 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 the Bank 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.

<u>Payment Date</u>	<u>Installment Share (Expressed as a %)</u>
On each May 15th and November 15th beginning November 15, 2010 through May 15, 2020	5%

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 the Bank 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.

3. (a) Withdrawals made within two (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.

(b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph 3, if at any time the Bank shall adopt a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.

4. 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 4

Procurement

Section I. General

A. All goods, works and services (other than consultants' services) shall be procured in accordance with the provisions of Section I of the "Guidelines: Procurement under IBRD Loans and IDA Credits" dated May 2004 (the Procurement Guidelines), and with the provisions of this Schedule.

B. All consultants' services shall be procured in accordance with Sections I and IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated May 2004 (the Consultant Guidelines), and with the provisions of the Operational Manual.

C. The capitalized terms used below in this Schedule to describe particular procurement methods or methods of review by the Bank of particular contracts, have the meanings ascribed to them in the Procurement Guidelines, or the Consultant Guidelines, as the case may be.

Section II. Particular Methods of Procurement of Goods, Works and Services (other than Consultants' Services)

A. International Competitive Bidding. Except as otherwise provided in Part B of this Section, all contracts for goods shall be awarded on the basis of International Competitive Bidding. The provisions of paragraphs 2.55 and 2.56 of the Procurement Guidelines, providing for domestic preference in the evaluation of bids, shall apply to goods manufactured in the territory of the Borrower.

B. Other Procurement Procedures

1. (a) National Competitive Bidding. All contracts for works and, except as otherwise provided in Part B.2, all contracts for goods estimated to cost less than EUR 3,000,000 equivalent per contract, may be procured under contracts awarded on the basis of *open tendering* procedure as defined in the Public Procurement Act of the Republic of Croatia (effective as of January 1, 2002), as it may be amended from time to time, and the following additional provisions set forth in sub-paragraph (b) below. The Bank may, upon notice to the Borrower, increase the above threshold for goods to be procured through the *open tendering* procedure. The Borrower shall promptly notify the Bank of any amendments to the Public Procurement Act and shall discuss and agree with the Bank, if necessary, on modifications to provisions set forth in sub-paragraph (b) below.

(b) The following provisions shall apply to goods and works to be procured under contracts awarded in accordance with the provisions of sub-paragraph (a) of this paragraph:

(i) Procedures

The *open tendering* procedure shall apply to all contracts. Invitations to bid shall be advertised in the Borrower's Official Gazette (*Narodne Novine*) and on the MoSES' website allowing a minimum of thirty (30) days for the preparation and submission of bids.

(ii) Participation of Government-owned Enterprises

Government-owned enterprises located and operating on the Borrower's territory shall be eligible to participate in bidding only if they can establish, to the Bank's satisfaction, that they are legally and financially autonomous, operate under commercial laws and are not a dependent agency of the Borrower's Government. Said enterprises shall be subject to the same bid and performance security requirements as other bidders.

(iii) Bidding Documents

Procuring entities shall use the appropriate bidding documents, including draft contract form, acceptable to the Bank for the procurement of goods, works or services. These documents would require public bid opening and reading aloud of bid prices immediately after the deadline for bids submission, explicit monetary quantifiable bid evaluation criteria without use of a point system of evaluation, and an award made to the qualified bidder offering the lowest evaluated bid price without application of any preference.

2. Shopping. Goods and works estimated to cost less than EUR 80,000 equivalent per contract may be procured under contracts awarded on the basis of Shopping procedures in accordance with the provisions of paragraphs 3.1 and 3.5 of the Guidelines, including as a form of such shopping, the electronic bidding carried out by E-Croatia (*Sredisnji drzavni ured za e-Hrvatsku*) for procurement of computer and standard IT equipment.

3. Direct Contracting. Goods and works which the Bank agrees meet the requirements for Direct Contracting may be procured in accordance with the provisions of paragraph 3.6 of the Guidelines and such contracts shall be included in the Procurement Plan or its updates agreed with the Bank.

Section III. Procurement of services for training.

1. Services for logistical organization of the workshops, study tours, conferences and seminars, but excluding consultants services for preparation of training events or materials, shall be procured in accordance with the Borrower's applicable procedures and/or regulations, provided that said services are included in the respective ADP.

Section IV. Review by the Bank of Procurement Decisions

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

SCHEDULE 5

Implementation Program

1. The Borrower shall carry out the Project in accordance with the provisions of the Operational Manual, including provisions of the EMP, and shall not amend, suspend, abrogate, repeal or waive any provision of the Operational Manual without prior approval of the Bank.
2. On behalf of the Borrower, MoSES shall have overall leadership and coordination role for the execution of the Project, with staffing and resources adequate to enable it to effectively oversee the Project implementation. MoSES shall designate its Finance Department to:
 - (a) prepare applications for withdrawal of the Loan proceeds;
 - (b) maintain records and accounts related to the Project and to arrange the audit thereof; and
 - (c) incorporate procurement activities reports into annual reports referred to in paragraph 3 of this Schedule.
3. The Borrower, through MoSES, shall:
 - (a) not later than October 1 of each year during the implementation of the Project or such later date as may be agreed by the Bank, submit to the Bank an ADP, satisfactory to the Bank and the Borrower, prepared in accordance with the format included in the Operational Manual and which shall include agreed amounts of Transfers for ADPs for the respective Fiscal Year;
 - (b) not later than June 30 of each year during the implementation of the Project, or such later date as may be agreed by the Bank, provide to the Bank for its review, a report on the progress achieved in the carrying out of the Project during the period preceding the date of said report, as monitored pursuant to indicators and monitoring arrangements, set forth in the Operational Manual; and
 - (c) jointly undertake with the Bank, review of the Project activities based on the report referred to in sub-paragraph (b) above.

