Project Agreement

(Hydropower Rehabilitation Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

and

UKRH YDROENERGO

Dated September 19, 2005
PROJECT AGREEMENT

AGREEMENT dated September 19, 2005, between the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank) and UKRHYDROENERGO (UHE).

WHEREAS (A) by the Loan Agreement of even date herewith between UKRAINE (the Borrower) and the Bank, the Bank has agreed to make a loan to the Borrower in the amount equal to one hundred six million dollars ($106,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that UHE agree to undertake such obligations toward the Bank as are set forth in this Agreement;

(B) by a Subsidiary Loan Agreement to be entered into between the Borrower and UHE a portion of the proceeds of the loan provided for under the Loan Agreement will be made available to UHE on the terms and conditions set forth in said Subsidiary Loan Agreement; and

WHEREAS UHE, in consideration of the Bank’s entering into the Loan Agreement with the Borrower, has agreed to undertake the obligations set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Definitions

Section 1.01. Unless the context otherwise requires, the several terms defined in the Loan Agreement, the Preamble to this Agreement and the General Conditions (as so defined) have the respective meanings therein set forth, and the following additional terms have the following meanings:

(a) “Fiscal Year” means the twelve (12) month period corresponding to any of UHE’s fiscal years, which period commences on January 1 and ends on December 31 in each calendar year;
(b) “PIU” means the Project Implementation Unit established under the UHE Order No. 129 dated May 11, 2005, and referred to in Section A of Schedule 2 to this Agreement; and

(c) “UHE Monitoring and Evaluation Indicators” means the agreed performance indicators set forth in a letter of even date herewith to be utilized by UHE to measure the progress in the implementation of Parts A, B and C of the Project and the degree to which the objectives thereof are being achieved.

ARTICLE II

Execution of the Project

Section 2.01. (a) UHE declares its commitment to the objectives of the Project as set forth in Schedule 2 to the Loan Agreement, and, to this end, shall carry out Parts A, B and C of the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, economic, engineering, environmental and technical practices, and shall provide, or cause to be provided, 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 Bank and UHE shall otherwise agree, UHE shall carry out Parts A, B and C of the Project in accordance with the Implementation Program set forth in Schedule 2 to this Agreement.

Section 2.02. Except as the Bank shall otherwise agree, procurement of the goods, works and services required for Parts A, B and C of the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 1 to this Agreement, as said provisions may be further elaborated in the Procurement Plan.

(b) UHE shall update the Procurement Plan in accordance with guidelines acceptable to the Bank, and furnish such update to the Bank not later than twelve (12) months after the date of the preceding Procurement Plan, for the Bank’s approval.

Section 2.03. (a) UHE shall carry out the obligations set forth in Sections 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of the Project Agreement and Parts A, B and C of the Project.
(b) For the purposes of Section 9.07 of the General Conditions and without limitation thereto, UHE shall:

(i) prepare, on the basis of guidelines acceptable to the Bank, and furnish to the Bank not later than six (6) months before the Closing Date or such later date as may be agreed for this purpose between the Bank and UHE, a plan for the future operation of Parts A, B and C of the Project; and

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

Section 2.04. UHE shall duly perform all its obligations under the Subsidiary Loan Agreement. Except as the Bank shall otherwise agree, UHE shall not take or concur in any action which would have the effect of amending, abrogating, assigning or waiving the Subsidiary Loan Agreement or any provision thereof.

Section 2.05. (a) UHE shall, at the request of the Bank, exchange views with the Bank with regard to progress of Parts A, B and C of the Project, the performance of its obligations under this Agreement and under the Subsidiary Loan Agreement, and other matters relating to the purposes of the Loan.

(b) UHE shall promptly inform the Bank of any condition which interferes or threatens to interfere with the progress of Parts A, B and C of the Project, the accomplishment of the purposes of Loan, or the performance by UHE of its obligations under this Agreement and under the Subsidiary Loan Agreement.

ARTICLE III

Management and Operations of UHE

Section 3.01. UHE shall carry on its operations and conduct its affairs in accordance with sound administrative, economic, engineering, environmental and financial practices under the supervision of qualified and experienced management assisted by competent staff in adequate numbers.

Section 3.02. UHE shall at all times operate and maintain its plant, machinery, equipment and other property, and from time to time, promptly as needed, make all necessary repairs and renewals thereof, all in accordance with sound administrative, economic, engineering, environmental and financial practices.
Section 3.03. UHE shall take out and maintain with responsible insurers, or make other provision satisfactory to the Bank for, insurance against such risks and in such amounts as shall be consistent with appropriate practice.

ARTICLE IV

Financial Covenants

Section 4.01. (a) UHE 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 its operations and financial condition and to register separately the operations, resources and expenditures related to Parts A, B and C of the Project.

(b) UHE shall:

(i) have its financial statements (balance sheets, statements of income and expenses and related statements) for each Fiscal Year (or other period agreed to by the Bank) audited, in accordance with consistently applied auditing standards acceptable to the Bank, 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.

Section 4.02. (a) Without limitation upon UHE’s reporting obligations set out in paragraph 1 of Section C of Schedule 2 to this Agreement, UHE shall prepare and furnish to the Bank a financial monitoring report, in form and substance satisfactory to the Bank, which:
(i) sets forth sources and uses of funds for Parts A, B and C of the Project, both cumulatively and for the period covered by said report, showing separately funds provided under the Loan, and explains variances between the actual and planned uses of such funds;

(ii) describes physical progress in Parts A, B and C of the Project implementation, both cumulatively and for the period covered by said report, and explains variances between the actual and planned Project implementation; and

(iii) sets forth the status of procurement under Parts A, B and C of 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 forty-five (45) days after the end of the first quarter after the Effective Date, and shall cover the period from the incurrence of the first expenditure under the Project through the end of such first quarter; thereafter, each FMR shall be furnished to the Bank not later than forty-five (45) days after each subsequent quarter, and shall cover the period not covered by the previous FMR until the end of such quarter.

Section 4.03. (a) Except as the Bank shall otherwise agree, UHE shall not incur any debt unless a reasonable forecast of the revenues and expenditures of UHE shows that the estimated net revenues of UHE for each Fiscal Year during the term of the debt to be incurred shall be at least 1.5 times the estimated debt service requirements of UHE in such year on all debt of UHE including the debt to be incurred.

(b) For the purposes of this Section:

(i) The term “debt” means any indebtedness of UHE maturing by its terms more than one year after the date on which it is originally incurred.

(ii) Debt shall be deemed to be incurred: (A) under a loan contract or agreement or other instrument providing for such debt or for the modification of its terms of payment on the date of such contract, agreement or instrument; and (B) under a guarantee agreement, on the date the agreement providing for such guarantee has been entered into.

(iii) The term “net revenues” means the difference between:
(A) the sum of revenues from all sources related to operations and net non-operating income; and

(B) the sum of all expenses related to operations including administration, adequate maintenance, taxes and payments in lieu of taxes, but excluding provision for depreciation, other non-cash operating charges and interest and other charges on debt.

(iv) The term “net non-operating income” means the difference between:

(A) revenues from all sources other than those related to operations; and

(B) expenses, including taxes and payments in lieu of taxes, incurred in the generation of revenues in (A) above.

(v) The term “debt service requirements” means the aggregate amount of repayments (including sinking fund payments, if any) of, and interest and other charges on, debt.

(vi) The term “reasonable forecast” means a forecast prepared by UHE not earlier than twelve (12) months prior to the incurrence of the debt in question, which both the Bank and UHE accept as reasonable and as to which the Bank has notified UHE of its acceptability, provided that no event has occurred since such notification which has, or may reasonably be expected in the future to have, a material adverse effect on the financial condition or future operating results of UHE.

(vii) Whenever for the purposes of this Section it shall be necessary to value, in terms of the currency of the Borrower, debt payable in another currency, such valuation shall be made on the basis of the prevailing lawful rate of exchange at which such other currency is, at the time of such valuation, obtainable for the purposes of servicing such debt, or, in the absence of such rate, on the basis of a rate of exchange acceptable to the Bank.

Section 4.04. (a) Except as the Bank shall otherwise agree, UHE shall maintain a ratio of current assets to current liabilities of not less than 1.2.
(b) Before March 31 in each of its Fiscal Years, UHE shall, on the basis of forecasts prepared by UHE and satisfactory to the Bank, review whether it would meet the requirements set forth in paragraph (a) in respect of such year and the next following Fiscal Year and shall furnish to the Bank the results of such review upon its completion.

(c) If any such review shows that UHE would not meet the requirements set forth in paragraph (a) for UHE’s Fiscal Years covered by such review, UHE shall promptly take all necessary measures (including, without limitation, adjustments of the structure or levels of its tariffs in order to meet such requirements.

(d) For the purposes of this Section:

(i) The term “current assets” means cash, all assets which could in the ordinary course of business be converted into cash within twelve (12) months, including account receivable, marketable securities and pre-paid expenses properly chargeable to operating expenses within the next Fiscal Year.

(ii) The term “current liabilities” means all liabilities which will become due and payable or could under circumstances then existing be called for payment within twelve (12) months, including accounts payable, customer advances, debt service requirements, taxes and payments in lieu of taxes, and dividends.

(iii) The term “debt service requirements” means the aggregate amount of repayments (including sinking fund payments, if any) of, and interest and other charges on, debt.

(iv) Whenever for the purposes of this Section it shall be necessary to value, in terms of the currency of the Borrower, debt payable in another currency, such valuation shall be made on the basis of the prevailing lawful rate of exchange at which such other currency is, at the time of such valuation, obtainable for the purposes of servicing such debt, or, in the absence of such rate, on the basis of a rate of exchange acceptable to the Bank.

Section 4.05. UHE shall carry out, not later than December 31, 2007, a proper revaluation of its assets in accordance with terms of reference, and with the assistance of consultants, satisfactory to the Bank.
ARTICLE V

Effective Date; Termination; 
Cancellation and Suspension

Section 5.01. This Agreement shall come into force and effect on the date
upon which the Loan Agreement becomes effective.

Section 5.02. This Agreement and all obligations of the Bank and of UHE
thereunder shall terminate on the date on which the Loan Agreement shall terminate in
accordance with its terms, and the Bank shall promptly notify UHE thereof.

Section 5.03. All the provisions of this Agreement shall continue in full force
and effect notwithstanding any cancellation or suspension under the General Conditions.

ARTICLE VI

Miscellaneous Provisions

Section 6.01. Any notice or request required or permitted to be given or made
under this Agreement and any agreement between the parties contemplated by this
Agreement shall be in writing. Such notice or request shall be deemed to have been duly
given or made when it shall be delivered by hand or by mail, telex or facsimile to the
party to which it is required or permitted to be given or made at such party’s address
hereinafter specified or at such other address as such party shall have designated by
notice to the party giving such notice or making such request. Deliveries made by
facsimile transmission shall also be confirmed by mail. The addresses so specified are:

For the Bank:

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

Cable address: INTBAFRAD
Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: (1-202) 477-6391
For UHE:

Open Joint-Stock Company “UkrGidroEnergo”
07300 Vyshhorod
Kyiv Region
Ukraine

Facsimile:

(380-4496) 2-20-07

Section 6.02. Any action required or permitted to be taken, and any document required or permitted to be executed, under this Agreement on behalf of UHE, may be taken or executed by the Chairman of the board of UHE or such other person or persons as he shall designate in writing, and UHE shall furnish to the Bank sufficient evidence of the authority and the authenticated specimen signature of each such person.

Section 6.03. This Agreement may be executed in several counterparts, each of which shall be an original, and all collectively but one instrument.

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

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By: /s/ Paul Bermingham
Authorized Representative

UKRHYDROENERGO
By: /s/ Semen Potashnik
      Authorized Representative
SCHEDULE 1

Procurement and Consultants’ Services

Section I. General

A. All goods 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 this Schedule.

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 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, contracts 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. National Competitive Bidding. Goods estimated to cost less than $200,000 equivalent per contract may be procured under contracts awarded on the basis of National Competitive Bidding and the following additional provisions:

   (a) Eligibility

   Bidding shall not be restricted to domestic firms. Foreign firms shall not be excluded from the national competitive bidding process irrespective of the contract value.
(b) Procedures

(i) “Open tender procedures” shall be followed in all cases.

(ii) Invitations to bid shall be advertised in the Borrower’s Bulletin of State Procurement “Visnyk Derzhavnykh Zakupivel” and in at least one (1) widely circulated national daily newspaper allowing a minimum of thirty (30) days for the preparation and submission of bids.

(iii) Bids shall not be invited on the basis of percentage premium or discount over the estimated cost.

c) Pre-qualification

(i) Prequalification, where used, shall be based on a “pass/fail” system.

(ii) Minimum experience, technical, and financial requirements shall be explicitly stated in the pre-qualification documents.

d) Participation by Government-owned Enterprises

(i) Government-owned enterprises in the Borrower’s territory shall be eligible to participate in bidding only if they can establish that they are legally and financially autonomous, operate under commercial law, which are not financed by, and do not receive funding from, the state budget.

(ii) Government-owned enterprises will be subject to the same bid and performance security requirements as other bidders.

e) Bidding Documents

(i) Procuring entities shall use the appropriate Bank’s sample bidding documents, including pre-qualification documents, for the procurement of goods or technical services (other than consultants’ services), all acceptable to the Bank.
(ii) Bidding documents shall be made available to all those companies that have paid the required fee.

(f) **Bid Opening and Bid Evaluation**

(i) Bids shall be opened in public, immediately after the deadline for submission of bids.

(ii) Evaluation of bids shall be made in strict adherence to the monetarily quantifiable criteria declared in the bidding documents.

(iii) No domestic preference shall be allowed in evaluating bids.

(iv) Contracts shall be awarded to qualified bidders having submitted the lowest evaluated substantially responsive bid and no negotiations shall be carried out prior to contract award.

(g) **Rejection of Bids**

(i) No bid shall be rejected purely on the basis that the bid price is higher than the estimated budget for that procurement.

(ii) All bids shall not be rejected and new bids solicited without the Bank’s prior concurrence.

(h) **Securities**

Bid security shall not exceed two percent (2%) of the estimated cost of the contract. Performance security shall not exceed ten percent (10%) of the contract price. No advance payments shall be made to contractors without a suitable advance payment security. The format of all such securities shall be included into the bidding documents and shall be acceptable to the Bank.

2. **Shopping.** Goods estimated to cost less than $100,000 equivalent per contract may be procured under contracts awarded on the basis of Shopping.

3. **Direct Contracting.** Goods which the Bank agrees meet the requirements for Direct Contracting may be procured in accordance with the provisions of said procurement method.
Section III. Particular Methods of Procurement of Consultants' Services

A. Quality- and Cost-based Selection. Except as otherwise provided in Part B of this Section, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection. For purposes of paragraph 2.7 of the Consultant Guidelines, the short list of consultants for services estimated to cost less than $200,000 equivalent per contract may comprise entirely national consultants.

B. Other Procedures

1. Quality-based Selection. Services for assignments which the Bank agrees meet the requirements set forth in paragraph 3.2 of the Consultant Guidelines may be procured under contracts awarded on the basis of Quality-based Selection in accordance with the provisions of paragraphs 3.1 through 3.4 of the Consultant Guidelines.

2. Selection Under a Fixed Budget. Services for assignments which the Bank agrees meet the requirements of paragraph 3.5 of the Consultant Guidelines may be procured under contracts awarded on the basis of a Fixed Budget in accordance with the provisions of paragraphs 3.1 and 3.5 of the Consultant Guidelines.

3. Least-cost Selection. Services for assignments which the Bank agrees meet the requirements of paragraph 3.6 of the Consultant Guidelines may be procured under contracts awarded on the basis of Least-cost Selection in accordance with the provisions of paragraphs 3.1 and 3.6 of the Consultant Guidelines.

4. Selection Based on Consultants’ Qualifications. Services estimated to cost less than $200,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1, 3.7 and 3.8 of the Consultant Guidelines.

5. Single Source Selection. Services for tasks in circumstances which meet the requirements of paragraph 3.10 of the Consultant Guidelines for Single Source Selection, may, with the Bank’s prior agreement, be procured in accordance with the provisions of paragraphs 3.9 through 3.13 of the Consultant Guidelines.

6. Individual Consultants. Services for assignments that meet the requirements set forth in the first sentence of paragraph 5.1 of the Consultant Guidelines may be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.2 through 5.3 of the Consultant Guidelines. Under the circumstances described in paragraph 5.4 of the Consultant Guidelines, such contracts may be awarded to individual consultants on a sole-source basis, subject to prior approval of the Bank.
Section IV. Review by the Bank of Procurement Decisions

Except as the Bank shall otherwise determine by notice to the Borrower, the following contracts shall be subject to Prior Review by the Bank: (i) each contract for goods and services (other than consultants’ services) estimated to cost the equivalent of $200,000 or more or procured on the basis of International Competitive Bidding or Direct Contracting; (ii) the first contract to be procured on the basis of National Competitive Bidding or Shopping, regardless of the cost thereof; and (iii) each contract for consultants’ services provided by a firm estimated to cost the equivalent of $200,000 or more. In addition, with respect to each contract for the employment of individual consultants estimated to cost the equivalent of $100,000 or more, the report on the qualifications and experience of all evaluated candidates, the terms of reference and the terms of employment of the consultants shall be subject to prior approval by the Bank. All other contracts shall be subject to Post Review by the Bank.
SCHEDULE 2

Implementation Program

Section A: Institutional Arrangements

Project Implementation Unit

UHE shall maintain, within its structure and throughout Project implementation, the PIU with financial and human resources adequate to enable it to carry out with due diligence and efficiency its management responsibilities for the technical aspects of implementation of Parts A, B and C of the Project, including the preparation of bidding documents, the carrying out of procurement and selection and employment of consultants, the engagement and supervision of contractors, and payment and disbursement operations. To that end, the PIU shall be headed by the Chairman of the Board of UHE, assisted by the Head of the Procurement Unit of UHE, the Head of the Financial Management Unit of UHE, and the Project management consultant referred to in Section 6.01 (b) of the Loan Agreement. At the working level, the PIU shall consist of staff from the UHE whose regular responsibilities include the implementation of investment projects or technical assistance projects.

Section B: Implementation Modalities

1. Environmental Management Plan

UHE shall take all measures necessary to carry out the measures identified under the Environmental Management Plan at all times in a timely manner, ensuring that adequate information on the implementation of said measures is suitably included in the Project progress reports to be prepared pursuant to the provisions of paragraph 1 of Section C of this Schedule.

2. Dam Safety

UHE shall take all action required on its behalf, including the conclusion of any necessary arrangements with the Borrower:

(i) to establish within UHE not later than December 31, 2005, a Dam Safety Center, under terms of reference and staffed with personnel with qualifications and in numbers satisfactory to the Bank, with
the purpose of reviewing and advising the Borrower on matters relative to the safety of dams and the appurtenant structures under the Project;

(ii) thereafter, to cause the Dam Safety Center to: (A) inspect and evaluate the safety status of the existing dams, its appurtenances, and its performance history; (B) review and evaluate UHE’s operation and maintenance procedures; (C) provide a written report of findings and recommendations for any remedial work or safety-related measures necessary to upgrade the existing dam to an acceptable standard of safety; and (D) provide an immediate analysis and interpretation of all relevant data, specially the questionable or alarming one, gathered from the operation of the dams under the Project;

(iii) to ensure that a detailed plan for construction supervision and quality assurance, an instrumentation plan, an operation and maintenance plan, and an emergency preparedness plan are prepared and implemented, all in a manner satisfactory to the Bank;

(iv) to ensure that all work under Part B of the Project is designed and supervised by competent professionals in a manner satisfactory to the Bank, and

(v) to have periodic dam safety inspections performed by personnel of the Dam Safety Center.

3. UHE shall complete and submit to the Bank for its review and approval, not later than December 31, 2005, the design proposals for: (i) the rehabilitation of: (A) drainage facilities; (B) design profiles (rehabilitation of subsidence); (C) slope protections; (D) concrete spillways and other reinforced concrete works at Kyiv, Kaniv, Dniprovska and Dneprodzerzhinsk dams; and (ii) protection against higher phreatic lines (high piezometric levels) in the dam embankments at Kaniv, Kremenchug, Dniprodzherzhinsk and Kakhovka dams, all under Part B of the Project.

4. Study Tours and Training under Parts A, B and C of the Project
For the purposes of the study tours and training to be provided under Parts A, B and C of the Project, UHE shall:

(a) furnish to the Bank for its approval every six (6) months, the content of each such training, including an explanation on how such study tours and training is consistent and conducive to the objectives of the Project and whether it offers the best price/quality ratio, as well as the schedule for its implementation;

(b) select the attendees and trainees in accordance with a transparent process and criteria satisfactory to the Bank;

(c) not later than December 1 of each year, exchange views with the Bank on the training to be carried out during the following calendar year; and

(d) furnish to the Bank a report of such scope and detail as the Bank shall reasonably request, on the results of each training and the benefits to be derived therefrom.

Section C: Reporting and Review

1. Progress Reports

Without limitation upon the provisions of Section 9.07 of the General Conditions, UHE shall, commencing on March 31, 2006, and thereafter, not later than March 31 in each calendar year and until Project completion, prepare and furnish to the Bank a progress report, of such scope and in such detail as the Bank shall reasonably request, describing, in accordance with the UHE Monitoring and Evaluation Indicators, the progress achieved in the implementation of Parts A, B and C of the Project during the preceding calendar year and its financial projections for the upcoming calendar year.

2. Mid-Term Review

UHE shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with the UHE Monitoring and Evaluation Indicators, the carrying out of Parts A, B and C of the Project and the achievement of the objectives thereof;

(b) prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank, on or about September 30, 2008, a report integrating the results of the
monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of Parts A, B and C of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of Parts A, B and C of the Project and the achievement of the objectives thereof during the period following such date; and

(c) review with the Bank, by December 31, 2008, or such later date as the Bank shall request, the report referred to in paragraph (b) of this Section, and, thereafter, take all measures required to ensure the efficient completion of Parts A, B and C of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Bank’s views on the matter.