CONFORMED COPY

IDA GRANT NUMBER H218-LA
GEF TRUST FUND GRANT NUMBER TF053573-LA

Project Agreement

(Rural Electrification Phase I Project)

among

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT
acting as an Implementing Agency of the Global Environment Facility

and

ELECTRICITE DU LAOS

Dated June 2, 2006
PROJECT AGREEMENT

AGREEMENT dated June 2, 2006, among INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association), INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank), acting as an implementing agency of the Global Environment Facility (GEF) in respect of grant funds provided to the GEF Trust Fund by certain members of the Bank as participants of the GEF, and ELECTRICITE DU LAOS (EdL).

WHEREAS (A) by the Development Grant Agreement of even date herewith between the Lao People’s Democratic Republic (the Recipient) and the Association, the Association has agreed to make available to the Recipient an amount in various currencies equivalent to seven million Special Drawing Rights (SDR 7,000,000), on the terms and conditions set forth in the Development Grant Agreement, but only on conditions that EdL agrees to undertake such obligations toward the Association as are set forth in this Agreement;

(B) by a subsidiary financing agreement to be entered into between the Recipient and EdL, part of the proceeds of the IDA Grant provided for under the Development Grant Agreement and part of the GEF Grant provided for under the GEF Grant Agreement will be made available to EdL on the terms and conditions set forth in said Subsidiary Financing Agreement; and

(C) the Recipient has requested assistance from the resources of the Global Environment Facility (GEF) Trust Fund in the financing of Parts A.6, B.2, B.3(a), B.4(b) and B.6 of the Project; the Bank has determined that such assistance would be in accordance with Resolution No. 94-02 of the Executive Directors dated May 24, 1994, establishing the GEF Trust Fund; and by an agreement of even date herewith between the Recipient and the Bank acting as an implementing agency of the GEF (the GEF Grant Agreement), GEF is agreeing to provide such assistance in an aggregate amount of three million seven hundred fifty thousand Dollars ($3,750,000) (the GEF Grant); and

WHEREAS EdL, in consideration of the Recipient entering into the Development Grant Agreement with the Association and into the GEF Trust Fund Grant Agreement with the Bank acting as an implementing agency of the GEF, 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 Development Grant Agreement, the GEF Grant Agreement, the Preamble to this Agreement and in 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 calendar year;

(b) “Project Office” means the office to be maintained by EdL in accordance with paragraph 1 of Schedule 2 to this Agreement.

ARTICLE II

Execution of the Project

Section 2.01. (a) EdL declares its commitment to the objectives of the Project as set forth in Schedule 2 to the Development Grant Agreement, and, to this end, shall carry out Part A of the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, technical, electrical utility, and engineering practices, and sound social and environmental standards acceptable to the Association and the Bank, 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 Association and the Bank and EdL shall otherwise agree, EdL shall carry out Part A of the Project in accordance with the Implementation Program set forth in Schedule 2 to this Agreement.

Section 2.02. Except as the Association and the Bank shall otherwise agree, procurement of the goods and consultants’ services required for Part A of the Project and to be financed out of the proceeds of the IDA Grant and the GEF Grant shall be governed by the provisions of Schedule 1 to this Agreement, as said provisions may be further elaborated in the Procurement Plan.

Section 2.03. (a) EdL shall carry out the obligations set forth in Sections 9.03, 9.04, 9.05, 9.06, 9.07 and 9.08 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 Part A of the Project.

(b) For the purposes of Section 9.06 of the General Conditions and without limitation thereto, EdL shall:
(i) prepare, on the basis of guidelines acceptable to the Association and the Bank and furnish to the Association and 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 Association and the Bank and EdL, a plan for the continued achievement of the objectives of Part A of the Project; and

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

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

Section 2.05. (a) EdL shall, at the request of the Association and the Bank, exchange views with the Association and the Bank with regard to the progress of Part A of the Project, the performance of its obligations under this Agreement and under the Subsidiary Financing Agreement, and other matters relating to the purposes of the IDA Grant and the GEF Grant.

(b) EdL shall promptly inform the Association and the Bank of any condition which interferes or threatens to interfere with the progress of Part A of the Project, the accomplishment of the purposes of the IDA Grant and the GEF Grant, or the performance by EdL of its obligations under this Agreement and under the Subsidiary Financing Agreement.

ARTICLE III

Management and Operations of EdL

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

Section 3.02. EdL shall at all times operate and maintain its plants, 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 engineering, financial and electrical utility practices.

Section 3.03. EdL shall take out and maintain with responsible insurers, or make other provision satisfactory to the Association and 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) EdL shall establish and maintain a financial management system, including records and accounts, and prepare financial statements, in accordance with consistently applied accounting standards acceptable to the Association and to the Bank, adequate to reflect its operations and financial condition and to register separately the operations, resources and expenditures related to the Project.

(b) EdL 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 Association and the Bank), audited, in accordance with consistently applied auditing standards acceptable to the Association and the Bank, by independent auditors acceptable to the Association and the Bank;

(ii) furnish to the Association and 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 Association and 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 Association and the Bank), as so audited; and (B) an opinion on such statements by said auditors, in scope and detail satisfactory to the Association and the Bank; and

(iii) furnish to the Association and the Bank such other information concerning such records and accounts and the audit of such financial statements, and concerning said auditors, as the Association and the Bank may from time to time reasonably request.

Section 4.02. (a) Without limitation upon EdL’s reporting obligations set out in paragraph 8 of Schedule 2 to this Agreement, EdL shall prepare and furnish to the Association and the Bank, a financial monitoring report, in form and substance satisfactory to the Association and the Bank which:

(i) sets forth sources and uses of funds for Part A of the Project, both cumulatively and for the period covered by said report, showing separately funds provided under the IDA Grant and the GEF Grant, and explains variances between the actual and planned uses of such funds;
(ii) describes physical progress in 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 Part A of the Project, as at the end of the period covered by said report.

(b) The first FMR shall be furnished to the Association and the Bank not later than forty-five (45) days after the end of the first calendar quarter after the Effective Date, and shall cover the period from the incurrence of the first expenditure under Part A of the Project through the end of such first calendar quarter; thereafter, each FMR shall be furnished to the Association and the Bank not later than forty-five (45) days after each subsequent calendar quarter, and shall cover the period not covered by the previous FMR until the end of such calendar quarter.

Section 4.03. Except as the Association and the Bank may otherwise agree, commencing in its Fiscal Year 2006, EdL shall not incur any debt unless a reasonable forecast of the revenues and expenditures of EdL shows that the estimated net revenues of EdL for each Fiscal Year during the term of the debt to be incurred shall be at least one and one half (1.5) times the estimated debt service requirements of EdL in such year on all debt of EdL including the debt to be incurred.

Section 4.04. Except as the Association and the Bank may otherwise agree, EdL shall:

(a) produce: (i) for each of its Fiscal Years after its Fiscal Year ending on December 31, 2005, funds from internal sources equivalent to not less than twenty percent (20%) of the annual average of its capital expenditures incurred or expected to be incurred for that Fiscal Year, the previous Fiscal Year and the following Fiscal Year; and (ii) for each of its Fiscal Years after its Fiscal Year ending on December 31, 2008, funds from internal sources equivalent to not less than thirty percent (30%) of the annual average of its capital expenditures incurred or expected to be incurred for that Fiscal Year, the previous Fiscal Year and the following Fiscal Year;

(b) before November 30 in each of its Fiscal Years, commencing in 2006, on the basis of forecasts, expressed in Dollars, prepared by EdL, and satisfactory to the Association and the Bank, review whether it would meet the requirements set forth in sub-paragraph (a) of this Section in respect of such year and the next following Fiscal Year, and shall furnish to the Association and the Bank a copy of such review upon its completion; and

(c) if any such review shows that EdL would not meet the requirements set forth in sub-paragraph (a) of this Section, promptly take all necessary measures within its
power (including, without limitation, seeking approval for and implementing adjustments of the structure or levels of its electricity rates) in order to meet such requirements.

Section 4.05. Except as the Association and the Bank may otherwise agree, EdL shall not incur any debt, if after the incurrence of such debt, the ratio of debt to equity shall be greater than sixty (60) to forty (40).

Section 4.06. For purposes of Sections 4.03, 4.04 and 4.05 of this Agreement:

(a) The term “capital expenditures” means all expenditures incurred on account of fixed assets, including interest charges to construction, related to operations.

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

(c) The term “current liabilities” means all liabilities which will become due and payable or could under the 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.

(d) The term “debt” means any indebtedness of EdL maturing by its terms more than one (1) year after the date on which it is originally incurred.

(e) Debt shall be deemed to be incurred: (i) 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 other instrument; and (ii) under a guarantee agreement, on the date the agreement providing for such guarantee has been entered into.

(f) 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.

(g) The term “equity” means the sum of the total of unimpaired paid-up capital, retained earnings and reserves of EdL not allocated to cover specific liabilities.

(h) The term “funds from internal sources” means the difference between: (i) the sum of revenues from all sources related to operations, net non-operating income and any reduction in working capital other than cash; and (ii) the sum of (A) all expenses related to operations, including administration, adequate maintenance and taxes and payments in lieu of taxes (excluding provision for depreciation and other non-cash operating charges), debt service requirements, other cash distribution of surplus, increase
in working capital other than cash and other cash outflows other than capital expenditures, and (B) major repair expenditures.

(i) The term “net non-operating income” means the difference between: (i) revenues from all sources other than those related to operations; and (ii) expenses, including taxes and payments in lieu of taxes, incurred in the generation of revenues in (i) above.

(j) The term “net revenues” means the difference between: (i) the sum of revenues from all sources related to operations and net non-operating income; and (ii) the sum of (A) 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, and (B) dividends and major repairs expenditures.

(k) The term “reasonable forecast” means a forecast, expressed in Dollars, prepared by EdL not earlier than four (4) months prior to the incurrence of the debt in question, which both the Association and the Bank, and EdL accept as reasonable and as to which the Association and the Bank have notified EdL of its acceptability, provided that no event has occurred since 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 EdL.

(l) The term “working capital other than cash” means the difference between current assets excluding cash and current liabilities at the end of each Fiscal Year.

(m) Whenever for the purposes of Sections 4.03 4.04 and 4.05, it shall be necessary to value, in terms of the currency of Lao PDR, 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 Association and 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 Development Grant Agreement becomes effective.

Section 5.02. (a) This Agreement and all obligations of the Association, the Bank, acting as an implementing agency of the GEF, and of EdL thereunder shall terminate on the earlier of the following two dates:
(i) the date on which the Development Grant Agreement shall terminate in accordance with its terms; or

(ii) the date twenty (20) years after the date of this Agreement.

(b) If the Development Grant Agreement terminates in accordance with its terms before the date specified in paragraph (a)(ii) of this Section, the Association shall promptly notify EdL of this event.

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 Association:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address: INDEVAS
Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: (1-202) 477-6391
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 EdL may be taken or executed by the General Manager of EdL or such other person or persons as said General Manager of EdL shall designate in writing, and EdL shall furnish to the Association and 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 Vientiane, Lao People’s Democratic Republic, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION
INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT
acting as an Implementing Agency for the Global Environment Facility

By /s/ Ian Porter

Authorized Representative

ELECTRICITE DU LAOS

By /s/ Savath Phoumlavanh

Authorized Representative
SCHEDULE 1

Procurement

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 for 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 Association 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 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 Recipient.

B. Other Procurement Procedures

1. National Competitive Bidding. Goods estimated to cost less than $100,000 equivalent per contract and concrete poles and cross arms regardless of the value of contract, may be procured under contracts awarded on the basis of National Competitive Bidding. The procedures to be followed for National Competitive Bidding shall be those set forth in the Prime Minister Decree No.03/PM dated January 9, 2004, on “Government Procurement of Goods, Construction, Maintenance and Service” and its Implementing Rules and Regulations issued by the Ministry of Finance No.0063/MOF dated March 12, 2004.

2. Shopping. Tools, loss-reduction equipment and office equipment, estimated to cost less than $50,000 equivalent per contract, may be procured under contracts awarded on the basis of Shopping.
3. **Direct Contracting.** Goods which the Association 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.

B. **Other Procedures**

1. **Quality-based Selection.** Services for assignments which the Association and the Bank agree 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 Based on Consultants’ Qualifications.** Services estimated to cost less than $100,000 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.

3. **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 Association and the Bank’s prior agreement, be procured in accordance with the provisions of paragraphs 3.9 through 3.13 of the Consultant Guidelines.

4. **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 the prior review of the Association and the Bank.

**Section IV. Review by the Association and the Bank of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Association and Bank’s Prior Review. All other contracts shall be subject to Post Review by the Association and the Bank.
SCHEDULE 2

Implementation Program

Project Management

1. EdL shall maintain until completion of the Project:

   (a) at its Headquarters Office, the Project Office responsible for overall management of the implementation of Part A of the Project, including financial management and control, procurement and monitoring and reporting; said Project Office to be staffed with competent personnel in sufficient number, provided with adequate resources, and under the direction of qualified managers, including a Project Manager, supported by two deputy Project Managers, administration officers and an accounting officer, all under terms of reference acceptable to the Association and the Bank;

   (b) at its Headquarters Office, two construction and installation teams, each under the supervision of a designated deputy Project Manager, responsible for planning, design, supervision and monitoring of construction works carried out by EdL’s provincial offices; and

   (c) in each provincial office of EdL, a construction team responsible for the construction of the distribution system under Part A of the Project; each such construction team to be provided with adequate resources and managed and staffed with competent personnel in sufficient number, including a team leader, two distribution engineers, a social and environmental officer, an accounting officer and a warehouse officer, all under terms of reference acceptable to the Association and the Bank.

Environment, Resettlement and Ethnic Peoples

2. EdL shall:

   (a) implement, and cause to be implemented, the Environmental Management Framework in a manner satisfactory to the Association and the Bank, and designed to ensure that Part A of the Project is implemented in accordance with sound environmental practices and standards;

   (b) prepare, and cause to be prepared, environmental management plans in regard to Part A of the Project, acceptable to the Association and the Bank, as may be necessary in accordance with the requirements set forth in said Framework, and implement such plans in a manner satisfactory to the Association and the Bank;

   (c) provide to the Association and the Bank for their prior approval any revision proposed to be introduced into said Framework or said environmental management plans, as the case may be, in order to achieve their respective objectives,
and thereafter introduce such revision into said Framework or said environmental management plans as shall have been agreed with the Association and the Bank; and

(d) maintain, policies and procedures adequate to enable it to monitor and evaluate, in accordance with guidelines acceptable to the Association and the Bank, the implementation of said Framework or said environmental management plans, and the achievement of their respective objectives.

3. EdL shall:

(a) take, and cause to be taken, all necessary actions to minimize to the extent possible any involuntary loss by persons of shelter, productive assets or access to productive assets or income or means of livelihood, temporarily or permanently;

(b) to this end, implement, and cause to be implemented, the Resettlement Policy Framework, in a manner satisfactory to the Association and the Bank;

(c) wherever implementation of Part A of the Project or any part thereof, would give rise to Displaced Persons, provide to the Association and the Bank for their review, resettlement action plans prepared in accordance with the principles and procedures set forth in said Framework and, thereafter, implement in a manner satisfactory to the Association and the Bank, such resettlement action plans as shall have been approved by the Association and the Bank;

(d) provide to the Association and the Bank for their prior approval any revision proposed to be introduced into said Framework, or into the resettlement action plans prepared pursuant to said Framework, in order to achieve their respective objectives, and thereafter introduce such revision into said Framework or said plans as shall have been agreed with the Association and the Bank; and

(d) maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with guidelines acceptable to the Association and the Bank, the implementation of said Framework and the resettlement action plans prepared pursuant thereto, and the achievement of their respective objectives.

4. EdL shall implement and cause to be implemented the Ethnic People Development Plan in a manner satisfactory to the Association and the Bank, designed to provide meaningful consultation with, and the informed participation of, ethnic people living within the Project area, to ensure that benefits under Part A of the Project are socially and culturally acceptable to such groups, and to ensure that Project activities adequately address the needs, cultural practices and preferences of such groups.
Project Implementation

5. EdL shall:

   (a) by no later than December 31 of each year, update its Power Development Plan;

   (b) provide said Power Development Plan to the Association and the Bank for their review and comments; and thereafter implement said Plan in a manner satisfactory to the Association and the Bank, giving due consideration to the view of the Association and the Bank thereon; and

   (c) promptly provide to the Association and the Bank notice of and information on any generation, transmission and distribution projects which EdL plans to implement outside of the Power Development Plan, and give due consideration to the view of the Association and the Bank thereon.

6. EdL shall take all necessary measures to achieve a high connection rate of households to the EdL grid in villages electrified under Part A of the Project, including provision of term financing for house wiring of poor households.

7. EdL shall take all necessary action to implement the tariff reform component of the Action Plan for Financial Sustainability of the Power Sector and to fulfill all its other obligations thereunder.

Monitoring and Reporting

8. EdL shall:

   (a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with the indicators acceptable to the Association and the Bank, the carrying out of Part A of the Project and the achievement of the objectives thereof;

   (b) prepare, under terms of reference satisfactory to the Association and the Bank, and furnish to the Association and the Bank, on or about March 31 and September 30 of each year, commencing March 31, 2006, a report integrating the results of the monitoring and evaluation activities performed pursuant to sub-paragraph (a) of this paragraph 14, on the progress achieved in the carrying out of Part A 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 Part A of the Project and the achievement of the objectives thereof during the period following such date; and
(c) promptly review with the Association and the Bank each report referred to in sub-paragraph (b) of this paragraph and, thereafter, take all measures required to ensure the efficient completion of Part A of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the views of the Association and the Bank on the matter.