

CONFORMED COPY

CREDIT NUMBER 3047 LA

Project Agreement

(Southern Provinces Rural Electrification Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

ELECTRICITE DU LAOS

Dated April 29, 1998

CREDIT NUMBER 3047 LA

PROJECT AGREEMENT

AGREEMENT, dated April 29, 1998, between INTERNATIONAL DEVELOPMENT ASSOCIATION (the "Association") and ELECTRICITE DU LAOS ("EDL").

WHEREAS: (A) By the Development Credit Agreement of even date herewith between the Lao People's Democratic Republic (the "Borrower") and the Association, the Association has agreed to make available to the Borrower an amount in various currencies equivalent to twenty-five million seven hundred thousand Special Drawing Rights (SDR 25,700,000), on the terms and conditions set forth in the Development Credit Agreement, but only on conditions that EDL agree to undertake such obligations toward the Association as are set forth in this Agreement;

WHEREAS: (B) By a Subsidiary Loan Agreement to be entered into between the Borrower and EDL, part of the proceeds of the Credit provided for under the Development Credit Agreement will be made available to EDL upon the terms and conditions set forth in said Subsidiary Loan Agreement, in respect of the Project, except Part C (c) thereof;

WHEREAS: (C) Part C (c) of the Project will be carried out by the Borrower through its Ministry of Industry and Handicrafts ("MIH");

WHEREAS: (D) The Borrower has requested assistance from the resources of the Global Environment Facility ("GEF") Trust Fund in the financing of Part B of the Project, the International Bank for Reconstruction and Development (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 dated February 9, 1998 between the Bank, acting as an implementing agency of the GEF and EDL (the "GEF Grant Agreement"), GEF is agreeing to provide such assistance in an aggregate principal amount equivalent to seven hundred forty-four

thousand dollars (the "GEF Grant"); and

WHEREAS: (E) EDL, in consideration of the Association's entering into the Development Credit 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 Development Credit Agreement, the Preamble to this Agreement and in the General Conditions (as so defined) have the respective meanings therein set forth.

#### 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 Credit Agreement, and, to this end, shall carry out Parts A, B, C (a) and C (b) of the Project with due diligence and efficiency and in conformity with appropriate administrative, economic, environmental, engineering, financial and public utility practices, and shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for said Parts of the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section, and except as the Association and EDL shall otherwise agree, EDL shall carry out Parts A, B, C (a) and C (b) of the Project in accordance with the Implementation Program set forth in Schedule 2 to this Agreement.

Section 2.02. Except as the Association shall otherwise agree, procurement of the goods, works and consultants' services required for Parts A, B, C (a) and C (b) of the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 1 to this Agreement.

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 Parts A, B, C (a) and C (b) of the Project.

(b) For the purposes of Section 9.07 of the General Conditions and without any limitation thereto, EDL shall:

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

(ii) Afford the Association a reasonable opportunity to exchange views with EDL on said plan.

Section 2.04. EDL shall duly perform all its obligations under the Subsidiary Loan 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 Loan Agreement, or any provision thereof.

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

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

### 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, economic, environmental, engineering, financial and public utility 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 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 engineering, environmental, financial and public utility practices.

Section 3.03. EDL shall take out and maintain with responsible insurers, or make other provision satisfactory to the Association for, insurance against such risks and in such amounts as shall be consistent with appropriate practice.

Section 3.04. Except in the ordinary course of business, EDL shall not, unless mutually agreed in advance between the Association and EDL, sell, lease, transfer or otherwise dispose of any of its property or assets which are required for the efficient conduct of its operations or the carrying out of the Project.

Section 3.05. EDL shall maintain its existence and right to carry on its operations, and it shall promptly take all measures necessary to acquire, maintain, renew and otherwise exercise any and all rights (including, without limitation, land rights), powers, privileges and franchises required for the proper conduct of its operations and the prompt carrying out of its obligations under this Agreement, the Subsidiary Loan Agreement and the Performance Contract.

### ARTICLE IV

#### Financial Covenants

Section 4.01. (a) EDL shall maintain records and separate accounts adequate to reflect in accordance with sound accounting practices its operations and financial condition and to register separately the operations, resources and expenditures related to the Project.

(b) EDL shall:

(i) Have its records, accounts (including the Project accounts referred to in Section 4.01 (a) above) and financial statements (balance sheets, statements of income and expenses, cash flow statements and related notes) for each Fiscal Year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;

(ii) Furnish to the Association as soon as available, but in any case not later than six (6) months after the end of each year, (A) certified copies of its financial statements for such year as so audited and (B) the report of such audit by said auditors of such scope and in such detail as the Association shall have reasonably requested;

(iii) Furnish to the Association not later than June 30, 2000, and thereafter as soon as available but in any case not later than six (6) months after the end of each Fiscal Year, certified copies of cost accounting statements for each of its cost accounting units; and

(iv) Furnish to the Association such other information concerning said records, accounts and financial statements as well as the audit thereof, as the Association shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Credit Account were made on the basis of statements of expenditures, EDL shall:

(i) maintain, in accordance with sound accounting practices, records and separate accounts reflecting such expenditures;

(ii) ensure that all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures are retained until at least one year after the Association has received the audit report for the Fiscal Year in which the last withdrawal from the Credit Account was made; and

(iii) enable the Association's representatives to examine such records.

(d) EDL shall:

(i) have the records and accounts referred to in paragraph (a) (i) of this Section, including those for the Special Account, for each Fiscal Year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;

(ii) furnish to the Association as soon as available, but in any case not later than six (6) months after the end of each such year the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested, including a separate opinion by said auditors as to whether the statements of expenditure submitted during such Fiscal Year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals; and

(iii) furnish to the Association such other information concerning said records and accounts and the audit thereof as the Association shall from time to time reasonably request.

Section 4.02. (a) Except as the Association shall otherwise agree, 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.

(b) For the purposes of this Section:

(i) 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.

(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: (1) 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 (2) dividends and  
major repairs expenditures.

- (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, 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 EDL accept as reasonable and as to which the Association has notified EDL 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 EDL.

Section 4.03. (a) Except as the Association shall otherwise agree, EDL shall (i) produce, for each of its fiscal years after its fiscal year ending on December 31, 1998, funds from internal sources, equivalent to not less than twenty percent (20%) of the annual average of EDL's capital expenditures incurred, or expected to be incurred, for that year, the previous Fiscal Year and the next following Fiscal Year; and (ii) produce, for each of its fiscal years after its fiscal year ending on December 31, 1999, funds from internal sources, equivalent to not less than thirty percent (30%) of the annual average of EDL's capital expenditures incurred, or expected to be incurred, for that year, the previous Fiscal Year and the next following Fiscal Year .

(b) Before November 30 in each of its Fiscal Years, EDL shall, on the basis of forecasts, expressed in dollars, prepared by EDL and satisfactory to the Association, 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 Association a copy of such review upon its completion.

(c) If any such review shows that EDL would not meet the requirements set forth in paragraph (a) for EDL's fiscal years covered by such review, EDL shall promptly take all necessary measures within its power (including, without limitation, seeking and implementing approved adjustments of the structure or levels of its electricity rates) in order to meet such requirements.

(d) For the purposes of this Section:

- (i) The term "funds from internal sources" means the difference between:
- (A) the sum of revenues from all sources related to operations, net non-operating income and any reduction in working capital other than cash; and
  - (B) the sum of: (1) 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 distributions of surplus, increase in working capital other than cash and other cash outflows other than capital expenditures; and (2) major repairs expenditures.

(ii) The term "net non-operating income" means the difference between:

- operations; and
- (A) revenues from all sources other than those related to
- incurred in
- (B) expenses, including taxes and payments in lieu of taxes, the generation of revenues in (A) above.
- (iii) 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.
- (iv) 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.
- (v) 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.
- (vi) 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.
- (vii) The term "capital expenditures" means all expenditures incurred on account of fixed assets, including interest charged to construction, related to operations.

Section 4.04. (a) Except as the Association shall 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).

(b) For purposes of this Section:

- (i) 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.
- (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, and to the extent, the amount of such debt has become outstanding pursuant to such contract, agreement or instrument; and (B) under a guarantee agreement, on the date the agreement providing for such guarantee has been entered into but only to the extent that the guaranteed debt is outstanding.
- (iii) The term "equity" means the sum of the total unimpaired paid-up capital, retained earnings and reserves of EDL not allocated to cover specific liabilities.
- (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 Association. Section 4.05. EDL and the Association shall, from time to time, at the request of either party, exchange views with regard to the Statement, the Borrower's national policy for setting electricity tariffs, and the Borrower's plans in respect of the overall development of its electricity sector. In this regard, EDL shall at all times take all actions necessary (including, but without

limitation to, increasing its electricity tariffs as may be necessary) to enable it, under conditions of efficient operation at reasonable levels of capacity utilization, to cover its operating costs (including taxes), earn an adequate return on funds invested in it, meet its financial and debt service obligations, and otherwise make a reasonable contribution to future investment for expansion of capacity.

Section 4.06. (a) EDL shall carry out its obligations under the Performance Contract with due diligence and efficiency, and shall otherwise take, or cause to be taken, all action necessary to achieve the objectives thereof.

(b) Not later than October 1 in each Fiscal Year, beginning the Fiscal Year ending December 31, 1998, EDL shall exchange views and review with the Association and the Borrower on the progress achieved by EDL and the Borrower in implementing the Performance Contract during the preceding Fiscal Year.

(c) Based upon said review, the Association, the Borrower and EDL shall determine jointly the actions necessary for improving the Performance Contract, and for improving both the Borrower's and EDL's implementation thereof in respect of the following Fiscal Year, including any extensions thereof, acceptable to the Association.

(d) EDL shall promptly thereafter, taking into account the Association's views and recommendations, carry out the recommendations of said review with due diligence and efficiency, and shall otherwise take all necessary measures to achieve the objectives thereof.

Section 4.07. EDL shall not declare dividends until it shall have demonstrated, to the satisfaction of the Association, that it has complied with its financial performance obligations, under Section 4.02, 4.03 and 4.04 of this Agreement, for a period of at least two (2) consecutive Fiscal Years.

#### 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 Credit Agreement becomes effective.

Section 5.02. (a) This Agreement and all obligations of the Association and of EDL thereunder shall terminate on the earlier of the following two dates:

(i) the date on which the Development Credit 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 Credit 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, telegram, cable, telex or radiogram 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. 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  
Washington, D.C.

Telex:

248423 (MCI) or  
64145 (MCI)

For EDL:

Electricite du Laos  
Samsenthai Road  
Post Office Box 309  
Vientiane  
Lao People's Democratic Republic

Cable address:

DIRELEC  
VIENTIANE

Telex:

4311 EDL VTE LS

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 EDL's General Manager, or such other person or persons as said Director general shall designate in writing, and EDL shall furnish to the Association 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 the District of Columbia, United States of America, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Ngozo Okonjo-Iweala

Acting Regional Vice President  
East Asia and Pacific

ELECTRICITE DU LAOS

By /s/ Hiem Phommachanh  
Authorized Representative

SCHEDULE 1

Procurement

Section I. Procurement of Goods and Works



Part A: General

Goods and works shall be procured in accordance with the provisions of Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in January 1995 and revised in January and August 1996 and September 1997 (the "Guidelines") and the following provisions of Section I of this Schedule.

Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, goods and works shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines and paragraph 5 of Appendix 1 thereto.

2. The following provisions shall apply to goods and works to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B.

(a) Grouping of contracts

To the extent practicable, contracts for goods shall be grouped in bid packages estimated to cost two hundred thousand dollars (\$200,000) equivalent or more each.

(b) Preference for domestically manufactured goods and domestic contractors

The provisions of paragraphs 2.54 and 2.55 of the Guidelines and Appendix 2 thereto shall apply to goods manufactured in the territory of the Borrower and works to be carried out by domestic contractors.

(c) Notification and Advertising

The invitation to prequalify or bid for each contract estimated to cost ten million dollars (\$10,000,000) equivalent or more shall be advertised in accordance with the procedures applicable to large contracts under paragraph 2.8 of the Guidelines.

Part C: Other Procurement Procedures

1. Limited International Bidding

Goods, which the Association agrees can only be purchased from a limited number of suppliers, regardless of the cost thereof, may be procured under contracts awarded in accordance with the provisions of paragraph 3.2 of the Guidelines.

2. International or National Shopping

(a) Goods estimated to cost less than one hundred thousand dollars (\$100,000) equivalent per contract, up to an aggregate amount not to exceed three hundred thousand dollars (\$300,000) equivalent, may be procured under contracts awarded on the basis of international shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

(b) Goods estimated to cost less than fifty thousand dollars (\$50,000) equivalent per contract, up to an aggregate amount not to exceed nine hundred thousand dollars (\$900,000) equivalent, may be procured under contracts awarded on the basis of national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

3. Force Account Works which meet the requirements of paragraph 3.8 of the Guidelines, and costing forty thousand dollars (\$40,000) equivalent or less in the aggregate, may, with the Association's prior agreement, be carried out by force account in accordance with the provisions of said paragraph of the Guidelines.

Part D: Review by the Bank of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to prequalify for bidding or to bid for

contracts, the proposed procurement plan for the Project shall be furnished to the Association for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines. Procurement of all goods and works shall be undertaken in accordance with such procurement plan as shall have been approved by the Association, and with the provisions of said paragraph 1.

2. Prior Review

With respect to each contract for goods and each contract for works to be procured under Part B of this Section I, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Guidelines shall apply.

Section II. Employment of Consultants

Part A: General

Consultants' services shall be procured in accordance with the provisions of the Introduction and Section IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Bank in January 1997 and revised in September 1997 (the "Consultant Guidelines") and the following provisions of Section II of this Schedule.

Part B: Quality- and Cost-based Selection

Except as otherwise provided in Part C of this Section, consultants' services shall be procured under contracts awarded in accordance with the provisions of Section II of the Consultant Guidelines, paragraph 3 of Appendix 1 thereto, Appendix 2 thereto, and the provisions of paragraphs 3.13 through 3.18 thereof applicable to quality- and cost-based selection of consultants.

Part C: Other Procedures for the Selection of Consultants

1. Quality-based Selection

Services under Part C of the Project estimated to cost less than one hundred thousand dollars (\$100,000) equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 through 3.4 of the Consultant Guidelines.

2. Selection Based on Consultants' Qualifications

Services under Part C of the Project estimated to cost less than one hundred thousand dollars (\$100,000) equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.7 of the Consultant Guidelines.

3. Least Cost Selection

Services under Part C of the Project estimated to cost less than one hundred thousand dollars (\$100,000) equivalent per contract for firms and less than fifty thousand dollars (\$50,000) equivalent for individuals may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.6 of the Consultant Guidelines.

4. Selection Under a Fixed Budget

Services under Part C of the Project may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.5 of the Consultant Guidelines.

Part D: Review by the Bank of the Selection of Consultants

1. Selection Planning

Prior to the issuance to consultants of any requests for proposals, the proposed plan for the selection of consultants under the Project shall be furnished to the Association for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Consultant Guidelines. Selection of all consultants' services shall be undertaken in accordance with such selection plan as shall have been approved by the Association, and with the provisions of said paragraph 1.

2. Prior Review

(a) With respect to each contract estimated to cost the equivalent of two hundred thousand dollars (\$200,000) or more, the procedures set forth in paragraphs 1, 2 and (other than the third subparagraph of paragraph 2(a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(b) With respect to each estimated to cost the equivalent of one hundred thousand dollars (\$100,000) or more, but less than the equivalent of two hundred thousand dollars (\$200,000), the procedures set forth in paragraphs 1, 2 (other than the second subparagraph of paragraph 2(a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(c) With respect to each contract for the employment of individual consultants estimated to cost the equivalent of fifty thousand dollars (\$50,000) or more, the qualifications, experience, terms of reference and terms of employment of the consultants shall be furnished to the Association for its prior review and approval. The contract shall be awarded only after the said approval shall have been given.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Consultant Guidelines shall apply.

SCHEDULE 2

Implementation Program

1. EDL shall at all times carry out Parts A, B, C (a) and C (b) of the Project in accordance with the PIP.

2. EDL shall:

(a) Maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with the indicators set forth in Schedule 3 to this Agreement, the carrying out of the Project and the achievement of the objectives thereof;

(b) Prepare, under terms of reference satisfactory to the Association, and furnish to the Association, on or about June 30, 2001, 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 the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and

(c) Review with the Association, by October 31, 2001, or such later date as the Association shall request, the report referred to in paragraph (b) of this Section, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Association's views on the matter.

3. EDL shall, prior to carrying out the works necessary for the 115 KV subtransmission lines under Part A (a) of the Project, carry out the RAP with due diligence and efficiency, including (but without limitation) the resettlement and rehabilitation of Affected Persons in accordance with Entitlements Matrix as approved

by the Association.

4. EDL shall at all times carry out the training activities under the Project in accordance with a training program satisfactory to the Association.

### SCHEDULE 3

#### Performance Indicators

EDL shall at all times adhere to the following Performance Indicators in respect of its carrying out Parts A, B, C (a) and C (b) of the Project.

Activity	June 30, 2001	June 30, 2002	December 31, 2003
(1) Subtransmission systems Installation	complete		
(2) New consumer connections installed in Project Provinces	18,000	30,000	50,000
(3) Contracts for bid lots Awarded 1-5 under Part A of the Project		June 30, 1999	
(4) New consumer connections for off- grid transmission under Part B of the Project	1,000	3,000	4,500
(5) Implementation of BACS Installation Operational	complete		

