

Public Disclosure Authorized

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CREDIT NUMBER 3986-CE

Project Agreement

(E-Sri Lanka Development Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

**INFORMATION AND COMMUNICATION TECHNOLOGY
AGENCY OF SRI LANKA**

Dated December 15, 2004

Public Disclosure Authorized



CREDIT NUMBER 3986-CE

PROJECT AGREEMENT

AGREEMENT, dated December 15, 2004, between INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) and INFORMATION AND COMMUNICATION TECHNOLOGY AGENCY OF SRI LANKA (the ICT Agency), an entity incorporated and registered under the Sri Lanka Companies Act (No. 17 of 1982).

WHEREAS (A) by the Development Credit Agreement between the Democratic Socialist Republic of Sri Lanka (the Borrower) and the Association, the Association has agreed to make available to the Borrower an amount in various currencies equivalent to thirty six million, three hundred thousand Special Drawing Rights (SDR 36,300,000), on the terms and conditions set forth in the Development Credit Agreement, but only on condition that the ICT Agency agrees to undertake such obligations toward the Association as are set forth in this Agreement;

(B) in accordance with a subsidiary grant agreement to be entered into between the Borrower and the ICT Agency (the Subsidiary Grant Agreement), the Credit proceeds provided under the Development Credit Agreement will be made available by the Borrower to the ICT Agency; and

WHEREAS the ICT Agency, 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) The ICT Agency 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 the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, and engineering 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 Association and the ICT Agency shall otherwise agree, the ICT Agency shall carry out the Project in accordance with the Implementation Program set forth in Schedule 2 to this Agreement.

Section 2.02 (a). Except as the Association shall otherwise agree, procurement of the goods, works, and consultants' services required for 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.

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

Section 2.03. (a) The ICT Agency 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 the Project Agreement.

(b) For the purposes of Section 9.06 of the General Conditions and without limitation thereto, the ICT Agency 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 the ICT Agency, a plan for the future operation of the Project; and
- (ii) afford the Association a reasonable opportunity to exchange views with the ICT Agency on the plan.

Section 2.04. The ICT Agency shall carry out all its obligations under the Subsidiary Grant Agreement. Except as the Association shall otherwise agree, the ICT Agency shall not take or concur in any action which would have the effect of amending, abrogating, assigning or waiving the Subsidiary Grant Agreement or any provision thereof.

Section 2.05. (a) The ICT Agency shall, at the request of the Association, exchange views with the Association with regard to the progress of the Project, the performance of its obligations under this Agreement and under the Subsidiary Grant Agreement, and other matters relating to the purposes of the Credit.

(b) The ICT Agency shall promptly inform the Association and the Borrower of any condition that interferes or threatens to interfere with the progress of the Project, the accomplishment of the purposes of the Credit, or the performance by the ICT Agency of its obligations under this Agreement and under the Subsidiary Grant Agreement.

ARTICLE III

Management and Operations of the ICT Agency

Section 3.01. The ICT Agency shall carry on its operations and conduct its affairs in accordance with sound administrative and financial practices under the supervision of qualified and experienced management assisted by competent staff in adequate numbers.

Section 3.02. The ICT Agency 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.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The ICT Agency 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, adequate to reflect the operations, resources and expenditures related to the Project.

- (b) The ICT Agency shall:
- (i) commencing with the Fiscal Year in which the Effective Date falls, to and including the Fiscal Year in which the last withdrawal from the Credit Account is made, have the records, accounts, and financial statements referred to in paragraph (a) of this Section and those for the Special Account for each Fiscal Year, or other period agreed to by the Association, audited, in accordance with consistently applied auditing standards acceptable to the Association, by independent auditors acceptable to the Association;

- (ii) furnish to the Association as soon as available, but in any case not later than six months after the end of each such year or such other period agreed to by the Association, (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, as so audited, and (B) an opinion on such statements by said auditors, in scope and detail satisfactory to the Association; and
- (iii) furnish to the Association such other information concerning such records and accounts, and the audit of such financial statements, and concerning said auditors, as the Association may 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 reports referred to in Part A.5 of Schedule 1 to the Development Credit Agreement (Report-based Disbursements) or on the basis of statements of expenditure, the ICT Agency shall:

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

Section 4.02. (a) Without limitation upon the ICT Agency's progress reporting obligations set out in paragraph 11 of Schedule 2 to this Agreement, the ICT Agency shall prepare and furnish to the Association a Financial Monitoring Report, in form and substance satisfactory to the Association, which:

- (i) sets forth sources and uses of funds for the Project, both cumulatively and for the period covered by said report, showing separately funds provided under the Credit, 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 the Project, as at the end of the period covered by said report.

(b) The first Financial Monitoring Report shall be furnished to the Association 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 the Project through the end of such first calendar quarter; thereafter, each Financial Monitoring Report shall be furnished to the Association not later than forty-five (45) days after each subsequent calendar quarter, and shall cover such calendar quarter.

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. This Agreement and all obligations of the Association and of the ICT Agency 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) twenty (20) years from the date of this Agreement.

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

For the ICT Agency:

Information and Communications Technology
Agency of Sri Lanka
160/24 Kirimandala Mawatha
Colombo 5, Sri Lanka

Facsimile:

94-1-236-9091

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 the ICT Agency, may be taken or executed by the Chief Executive Officer of the ICT Agency or such other person or persons as the Chief Executive Officer shall designate in writing, and the ICT Agency 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, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Peter Harrold

Authorized Representative

INFORMATION AND COMMUNICATIONS
TECHNOLOGY AGENCY OF SRI LANKA

By /s/ Manju Hathotuwa
/s/ Lloyd Fernando

Authorized Representative

SCHEDULE 1

Procurement

Section I. General

A. All goods, works and services (other than consultants' services) shall be procured in accordance with the provisions of Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" dated May 2004 (the Procurement Guidelines), and with the provisions of this Schedule. If the ICT Agency employs any procurement or inspection agents, it shall ensure that the requirements of Section 3.10 and 3.11 of the Procurement Guidelines are met.

B. All consultants' services shall be procured in accordance with Section I, paragraphs 3.15 through 3.20, and Section IV of, and Appendix 2 to, the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated May 2004 (the Consultant Guidelines), and with the provisions of this Schedule.

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 in accordance with the provisions of Section II and paragraphs 3.14 and 3.15 of the Procurement Guidelines, and the following additional procedures:

Domestic Preference

The provisions of paragraphs 2.55 and 2.56 of the Procurement Guidelines and Appendix 2 thereto, providing for domestic preference in the evaluation of bids, shall apply to goods manufactured in the territory of the Borrower and works to be carried out by domestic contractors.

B. Other Procurement Procedures

1. National Competitive Bidding

(a) Goods estimated to cost less than \$250,000 equivalent per contract, may be procured under contracts awarded on the basis of national competitive bidding in accordance with the provisions of paragraphs 3.1, 3.3, 3.4, 3.14 and 3.15 of the Procurement Guidelines and the following additional provisions of subparagraph (b) of this paragraph;

(b) In order to ensure economy, efficiency, transparency and broad consistency with the provisions of the Guidelines:

- (i) only the model bidding documents for national competitive bidding agreed with the Association (as amended from time to time in agreement with the Association) shall be used for bidding;
- (ii) invitations to bid shall be advertised in at least one (1) national newspaper with a wide circulation, at least thirty (30) days prior to the deadline for the submission of bids;
- (iii) bid documents shall be made available, by mail or in person, to all who are willing to pay the required fee;
- (iv) foreign bidders shall not be precluded from bidding and no preference of any kind shall be given to national bidders (including state-owned enterprises, or small-scale enterprises) in the bidding process;
- (v) qualification criteria (in case prequalification was not carried out) shall be stated in the bidding documents, and, if a registration process is required, a foreign firm declared as the lowest evaluated bidder shall be given a reasonable opportunity of registering, without let or hindrance;
- (vi) bids shall be opened in public in one location, immediately after the deadline for submission of bids;
- (vii) bids shall not be rejected merely on the basis of a comparison with an official estimate without the prior concurrence of the Association;
- (viii) contracts shall be awarded to the lowest evaluated bidders;
- (ix) except with the prior concurrence of the Association, there shall be no negotiation of price with the bidders, even with the lowest evaluated bidder;
- (x) post-bidding negotiations shall not be allowed with the lowest evaluated or any other bidders;
- (xi) rebidding shall not be carried out without the Association's prior concurrence;
- (xii) all bidders/contractors shall provide bid/performance security as indicated in the bidding /contract documents;

- (xiii) evaluation of bids shall be made in strict adherence to the criteria disclosed in the bidding documents, in a format and specified period agreed by the Association;
- (xiv) a bidder's bid security shall apply only to a specific bid, and a contractor's performance security shall apply only to the specific contract under which it was furnished;
- (xv) bids shall not be invited on the basis of percentage premium or discount over the estimated cost;
- (xvi) unless justified by exceptional circumstances, extension of bid validity shall not be allowed without the prior concurrence of the Association for (A) the first request of extension if it is longer than eight (8) weeks, and (B) all subsequent requests for extension irrespective of the period; and
- (xvii) there shall not be any restrictions on the means of delivery of the bids.

2. Shopping

Goods estimated to cost less than \$50,000 equivalent per contract and small works estimated to cost less than \$50,000 equivalent per contract, may be procured under contracts awarded on the basis of shopping procedures in accordance with the provisions of paragraphs 3.1 and 3.5 of the Guidelines.

3. Direct Contracting

Goods (such as books, periodicals, software, training materials and small equipment) and works which meet the requirements for direct contracting referred to in paragraphs 3.1, 3.6 and 3.7 of the Procurement Guidelines may, with the Association's prior agreement, be procured in accordance with the provisions of said paragraphs.

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 in accordance with the provisions of Section II of the Consultant Guidelines. For purposes of paragraph 2.7 of the Consultant Guidelines, the short list of consultants for services estimated to cost less than \$500,000 equivalent per contract may comprise entirely national consultants.

B. Other Procedures

1. Quality-based Selection

Services for assignments which meet the requirements set forth in paragraph 3.2 of the Consultant Guidelines may be procured under contracts awarded on the basis of quality in accordance with the provisions of paragraphs 3.1 through 3.4 of the Consultant Guidelines.

2. Selection Under a Fixed Budget

Services estimated to cost less than \$100,000 equivalent per contract 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 estimated to cost less than \$100,000 equivalent per contract may be procured under contracts awarded on the basis of lowest cost 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 \$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.

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 Association'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 in accordance with the provisions of said paragraph 5.4, subject to prior approval of the Association.

Section IV. Review by the Association of Procurement Decisions

A. Prior Review

Except as the Association shall otherwise determine by notice to the ICT Agency, the following prior review procedures shall apply:

1. Goods, Works and Services (other than Consultants' Services)

The prior review procedures set forth in paragraphs 2, 3 and 5 of Appendix 1 to the Procurement Guidelines shall apply to: (i) each contract for goods costing \$250,000 or more procured on the basis of international competitive bidding procedures; (ii) the first two (2) contracts for goods (regardless of value) to be procured on the basis of national competitive bidding procedures; and (iii) all contracts for regional telecommunication networks (other than consultants' services).

2. Consultants' Services Provided by Firms

(a) The prior review procedures set forth in paragraphs 2, 3 and 5 of Appendix 1 to the Consultant Guidelines shall apply to each contract for consultants' services provided by a firm estimated to cost the equivalent of \$100,000 or more.

(b) The following prior review procedures shall apply to each contract for consultants' services provided by a firm to be procured on the basis of single source selection: (i) the qualifications, experience, terms of reference and conditions of employment of the consultants shall be furnished to the Association for its prior review and approval; (ii) the contract shall be awarded only after the Association's approval shall have been given; and (iii) the provisions of paragraphs 3 and 5 of Appendix 1 to the Consultant Guidelines shall apply to the contract.

3. Consultants' Services Provided by Individual Consultants

(a) The following prior review procedures shall apply to each contract for the employment of individual consultants (other than consultants to be selected on a sole source basis) estimated to cost the equivalent of \$50,000 or more: (i) the report on the comparison of the qualifications and experience of candidates, terms of reference and conditions of employment of the consultant shall be furnished to the Association for its prior review and approval; (ii) the contract shall be awarded only after the Association's approval shall have been given; and (iii) the provisions of paragraph 3 and 5 of Appendix 1 to the Consultant Guidelines shall apply to the contract.

(b) The following prior review procedures shall apply to each contract for the employment of individual consultants to be selected on a sole source basis: (i) the qualifications, experience, terms of reference and conditions of employment of the consultants shall be furnished to the Association for its prior review and approval; (ii) the

contract shall be awarded only after the Association's approval shall have been given; and (iii) the provisions of paragraph 3 of Appendix 1 to the Consultant Guidelines shall apply to the contract.

B. Post Review

1. With respect to each contract for goods, works or services (other than consultants' services) not governed by Part A of this Section, the post review procedures set forth in paragraph 4 of Appendix 1 to the Procurement Guidelines shall apply.

2. With respect to each contract for consultants' services not governed by Part A of this Section, the post review procedures set forth in paragraph 4 of Appendix 1 to the Consultant Guidelines shall apply.

SCHEDULE 2

Implementation Program

General

1. (a) The ICT Agency shall maintain an Operations Manual in a form and substance satisfactory to the Association, and make periodic amendments thereto in consultation with the Association. The Operations Manual shall include: (i) the respective operations manuals for the e-Society Fund and the ICB Fund; and (ii) procedures, guidelines, timetables, criteria and other institutional and implementation arrangements for carrying out the Project.
2. The ICT Agency shall carry out the Project in accordance with the Operations Manual and the Environmental Framework and, except as the Association shall otherwise agree, the ICT Agency will not amend or waive any provision of the Manual and Framework if, in the opinion of the Association, such amendment or waiver may materially and adversely affect the carrying out of the Project or the achievement of the objectives thereof.
3. The ICT Agency shall maintain appropriate and necessary procurement and financial management arrangements satisfactory to the Association.
4. The ICT Agency shall no later than January 1, 2005 cause each Participating Institution involved with Part E (as described in Schedule 2 of the Development Credit Agreement) of the Project to appoint and thereafter maintain a qualified and experienced officer as their chief innovation officer. This officer will be primarily responsible for the Participation Institution's re-engineering government awareness programs; and shall also serve as the primary point of contact with the ICT Agency.
5. The ICT Agency shall maintain an adequate number of tele-center support institutions, satisfactory to the Association, to provide support and training for tele-center operators.
6. (a) The ICT Agency shall design on a pilot basis, and thereafter scale-up, a voucher scheme or an alternative subsidy mechanism satisfactory to the Association to encourage and facilitate the utilization of the tele-centers provided under the Project.

(b) The ICT Agency shall design and roll-out a time-bound program, satisfactory and acceptable to the Association, for developing the regional telecommunications networks and associated services under Part C of the Project (as described in Schedule 2 of the Development Credit Agreement).
7. (a) The ICT Agency shall no later than March 1, 2005 establish and thereafter maintain, the following two (2) funding facilities, namely: (i) the ICB Fund,

and (ii) the e-Society Fund in a form and with functions, staffing, and resources satisfactory to the Association.

(b) The ICT Agency shall employ and assign to each Fund, on terms and conditions satisfactory to the Association, a qualified and experienced Managing Agent to administer the Fund in conformity with procedures set forth in the Funds' operations manuals.

(c) The ICT Agency shall establish for the e-Society Fund and the ICB Fund, respectively, a Fund Board with membership, functions and resources satisfactory to the Association. A Fund Board shall include, as members, representatives of civil society, the private sector, academic institutions, and relevant ministries of the Borrower all of whom shall be appointed by the Board of the ICT Agency.

(d) The responsibilities of each Fund Board shall include: (i) the provision of policy and strategic direction to the Fund; and (ii) deciding the award of financial assistance, on the basis of recommendations made by its Managing Agent.

8. (a) The ICT Agency shall no later than June 1, 2005, establish and thereafter maintain monitoring and evaluation arrangements satisfactory to the Association. These arrangements shall include: (i) developing a common framework for the evaluation of the Project; (ii) identifying the frequency and modalities for the measurement and reporting of Project monitoring and evaluation activities; (iii) defining the best monitoring and evaluation structure and format; (iv) the selection and briefing of a competent firm to undertake Project monitoring and evaluation; (v) consolidating evaluation results, identifying lessons learnt, and disseminating to stakeholders knowledge produced through evaluation; (vi) facilitating stakeholders input into the monitoring and evaluation activities; and (vii) facilitating the process for managing the monitoring and evaluation results.

(b) The ICT Agency shall employ a qualified and experienced firm(s), on terms and conditions satisfactory to the Association.

Sub-Projects

9. (a) The ICT Agency shall ensure that, except as the Association shall otherwise agree, Sub-Projects shall be promoted, identified, appraised, approved, carried out and monitored in accordance with the procedures and other provisions set forth or referred to in the Operations Manual.

(b) Applicants for Sub-Projects shall: (i) first meet the relevant criteria set out in the Operations Manual with respect to the Sub-Projects; and (ii) enter into Sub-Project Agreements satisfactory to the Association.

10. The terms and conditions of each Sub-Project Agreement shall, among other things:

(a) provide that each Beneficiary (i) carry out the Sub-Project with due diligence and efficiency and in accordance with sound technical, financial, environmental and managerial standards; and (ii) maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures relating to the Sub-Project;

(b) require that any goods, works and services to be financed from the proceeds of the Credit: (i) be procured in accordance with procedures ensuring efficiency and economy and the provisions of Schedule 1 to this Agreement; and (ii) be used exclusively in the carrying out of the Sub-Project; and

(c) reserve for the Fund or the ICT Agency, as the case may be, the right to:

(i) inspect by itself, or jointly with the Association, if the Association shall so request, the goods, works, sites and construction included in the Sub-Project and any relevant records and documents;

(ii) request from the Beneficiary concerned all such information as the Fund, the ICT Agency or the Association shall reasonably request regarding the operation and financial condition of the Beneficiary; and

(iii) suspend or terminate the right of the Beneficiary to use the proceeds of the financial assistance for the Sub-Project upon the failure by the Beneficiary to perform any of its obligations under the Sub-Project Agreement.

Progress Reports and Mid-term Review

11. The ICT Agency shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators satisfactory to the Association 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 September 30, 2007, 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 November 30, 2007, or such later date as the Association shall request, the report referred to in subparagraph (b) of this paragraph, 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.