

Public Disclosure Authorized

CONFORMED COPY

IDA GRANT NUMBER H153 KOS

Development Grant Agreement

(Energy Sector Technical Assistance Project III)

between

UNITED NATIONS INTERIM ADMINISTRATION
MISSION IN KOSOVO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated April 21, 2005

IDA GRANT NUMBER H153 KOS

DEVELOPMENT GRANT AGREEMENT

AGREEMENT, dated April 21, 2005, between UNITED NATIONS INTERIM ADMINISTRATION MISSION IN KOSOVO (the Recipient) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS, the Recipient, having satisfied itself as to the feasibility and priority of the project described in Schedule 2 to this Agreement, has requested the Association to assist in financing the Project; and

WHEREAS the Association has agreed, on the basis, inter alia, of the foregoing, to extend the Grant (as hereinafter defined) to the Recipient, for the benefit of Kosovo, upon the terms and conditions set forth in this Agreement;

NOW THEREFORE, the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. (a) The following provisions of the “General Conditions Applicable to Development Credit Agreements” of the Association, dated January 1, 1985 (as amended through May 1, 2004), with the modifications set forth in paragraph (b) of this Section (the General Conditions), constitute an integral part of this Agreement:

- (i) Article I;
- (ii) Article II;
- (iii) Sections 3.01 and 3.04 (c);
- (iv) Sections 4.01, 4.02, 4.03, 4.05 and 4.06;
- (v) Article V;
- (vi) Sections 6.01, 6.02, 6.03, 6.04 and 6.06;
- (vii) Article VIII;
- (viii) Article IX;
- (ix) Article X;

- (x) Article XI; and
 - (xi) Article XII.
- (b) The General Conditions shall be modified as follows:
- (i) the term “Borrower”, wherever used in the General Conditions, means the Recipient;
 - (ii) the term “Credit”, wherever used in the General Conditions, means the Grant;
 - (iii) the term “credit” is modified to read “grant”; except that where used in Sections 6.02 (a) (ii) and 6.02 (c) (i), as modified below, the term “credit” shall continue to read “credit”.
 - (iv) the term “Credit Account”, wherever used in the General Conditions, means the Grant Account;
 - (v) the term “Development Credit Agreement”, wherever used in the General Conditions, means this Development Grant Agreement;
 - (vi) paragraph 11 of Section 2.01 is modified to read as follows:

“11. “External debt” means any debt which is or may become payable other than in the currency of Kosovo.”;
 - (vii) Section 4.01 is modified to read as follows:

“Except as the Recipient and the Association shall otherwise agree, withdrawals from the Grant Account shall be made in the respective currencies in which the expenditures to be financed out of the proceeds of the Grant have been paid or are payable; provided, however, that withdrawals in respect of expenditures in the currency of Kosovo shall be made in such currency or currencies as the Association shall from time to time reasonably select.”
 - (viii) Section 4.02 (a) and the heading of Section 4.02 are modified to read as follows:

“Section 4.02. *Currencies in which Commitment Charge is Payable*

(a) The Recipient shall pay the commitment charge on the Grant in the currency specified in the Development Grant Agreement or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to paragraph (c) or (e) of this Section.”

(b) Wherever used in Section 4.02 (c) and (e) of the General Conditions the words “principal and service charges” are modified to read “commitment charge”.

(c) Section 4.03 and its heading are modified to read as follows:

“Section 4.03. *Amount of the Grant*

The amount of the Grant withdrawn from time to time shall be the equivalent in terms of SDR (determined as of the date or respective dates of withdrawal from the Grant Account) of the value of the currency or currencies so withdrawn.”

(ix) Section 4.06 (b) shall be modified to read as follows:

“(b) The principal of the Grant shall be paid without restrictions of any kind imposed by the Recipient or in Kosovo.”

(x) Section 5.08 is modified to read as follows:

“It is the policy of the Association that no proceeds of the Grant shall be withdrawn on account of payments for any taxes levied by the Recipient or in Kosovo on goods or services, or on the importation, manufacture, procurement or supply thereof. To that end, if the amount of any taxes levied on or in respect of any item to be financed out of the proceeds of the Grant decreases or increases, the Association may, by notice to the Recipient, increase or decrease the percentage for withdrawal set forth or referred to in respect of such item in the Development Grant Agreement as required to be consistent with such policy of the Association.”

(xi) Section 6.02 is modified as follows:

(a) The phrase “any other development credit agreement” in Section 6.02 (a) (ii) is modified to read: “any other development grant agreement or any development credit agreement or development financing agreement”.

(b) The phrase “any development credit agreement” in Section 6.02 (c) (i) is modified to read: “any development grant agreement, development credit agreement or development financing agreement”.

(c) Paragraph (e) of Section 6.02 is deleted.

(xii) Section 8.01 of the General Conditions is modified to read as follows:

“(a) The commitment charges on the Grant shall be paid without deduction for, and free from, any taxes levied by the Recipient or in Kosovo.

(b) The Development Grant Agreement, and any other agreement to which these General Conditions apply, shall be free from any taxes levied by the Recipient or in Kosovo on or in connection with the execution, delivery or registration thereof.”

(xiii) Paragraph (b) of Section 9.01 of the General Conditions is modified to read as follows:

“(b) The Recipient shall afford all reasonable opportunity for representatives of the Association to visit any part of Kosovo for purposes related to the Grant.”

(xiv) Section 9.02 of the General Conditions is modified to read as follows:

“The Recipient shall furnish to the Association all such information as the Association shall reasonably request with respect to financial and economic conditions in Kosovo, including its balance of payments and its external debt as well as that of its political or administrative subdivisions and any entity owned or controlled by, or operating for the account or benefit of Kosovo or any such subdivision, and any institution performing the functions of a central bank or exchange stabilization fund, or similar functions, for Kosovo.”

(xv) Section 12.05 of the General Conditions is modified to read as follows:

“Section 12.05. *Termination of Development Grant Agreement*

The obligations of the Recipient under the Development Grant Agreement shall terminate on the date 20 years after the date of the Development Grant Agreement.”

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions and in the Recitals to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) “Athens Memorandum” means the Memorandum of Understanding on the Regional Energy Market in South East Europe and its Integration into the European Community Internal Energy Market signed on December 8, 2003 in Athens, Greece by the European Union, the Stability Pact, the Republic of Albania, Bosnia and Herzegovina, the Republic of Bulgaria, the Republic of Croatia, the Former Yugoslav Republic of Macedonia, the Republic of Romania, the Republic of Turkey, the State Union of Serbia and Montenegro, and the Recipient on behalf of Kosovo, as well as the Hellenic Republic, the Republic of Austria, the Republic of Hungary, the Republic of Italy, the Republic of Moldova, and the Republic of Slovenia.

(b) “ECSEE” means the Energy Community of South East Europe, formerly referred to as the South East Europe Regional Energy Market under the Athens Memorandum.

(c) “Energy Regulatory Office” means the Energy Regulatory Office established pursuant to the promulgation of UNMIK Regulation Number 2004/20 of June 30, 2004, and includes any successor thereto.

(d) “Euro” means the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union.

(e) “Financial Monitoring Report” means each report prepared in accordance with Section 4.02 of this Agreement.

(f) “Grid Code” means a set of rules, requirements, procedures and standards necessary to ensure the safe, reliable, secured and efficient operation, maintenance and development of the high voltage transmission system in Kosovo.

(g) “ICMM” means the Independent Commission for Mines and Minerals of the Recipient, established on January 21, 2005 pursuant to Regulation No. 2005/2, promulgated by the Special Representative of the Secretary-General of the United Nations pursuant to the authority given to him under United Nations Security Council Resolution 1244 (1999) of June 10, 1999 (UNSCR 1244 (1999)), or any successor or successors thereto.

(h) “KTA” means the Kosovo Trust Agency, established on June 13, 2002 pursuant to Regulation No. 2002/13, promulgated by the Special Representative of the Secretary-General of the United Nations pursuant to the authority given to him under United Nations Security Council Resolution 1244 (1999) of June 10, 1999 (UNSCR 1244 (1999)), or any successor or successors thereto.

(i) “MEM” means the Ministry of Energy and Mining within the PISG (as hereinafter defined), established pursuant to UNMIK Regulation Number 2004/50 of December 2, 2004, or any successor or successors thereto.

(j) “MFE” means the Ministry of Finance and Economy within the PISG, or any successor or successors thereto.

(k) “PISG” means the Provisional Institutions of Self-Government established pursuant to the Recipient’s Regulation No. 2001/9 of May 15, 2001 on a Constitutional Framework for Provisional Self-Government in Kosovo, as amended, promulgated by the Special Representative of the Secretary-General of the United Nations pursuant to the authority given to him under United Nations Security Council Resolution 1244 (1999) of June 10, 1999 (UNSCR 1244 (1999)).

(l) “Procurement Plan” means the procurement plan, dated February 23, 2005, prepared by the MEM and endorsed by the Recipient covering the initial 24 month period of Project implementation, as the same shall be updated from time to time in accordance with the provisions of Section 3.02 to this Agreement, to cover succeeding 12 month periods (or longer) of Project implementation.

(m) “Project Implementation Plan” means the plan, satisfactory to the Association, for the carrying out of the Project, adopted by the MEM and dated February 23, 2005, as the same may be amended from time to time with the agreement of the Association.

(n) “Project Steering Committee” means the committee established for purposes of the Project, as confirmed to the Association by that certain letter dated September 14, 2004 addressed by the Deputy Special Representative of the Secretary-General, UNMIK Pillar IV, with representatives from the Recipient, the MEM, the Energy Regulatory Office, the KTA and the ICMM.

ARTICLE II

The Grant

Section 2.01. The Association agrees to make available to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount in various currencies equivalent to one million seven hundred thousand Special Drawing Rights (SDR 1,700,000) (the Grant).

Section 2.02. The amount of the Grant may be withdrawn from the Grant Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of services and incremental operating costs required for carrying out the Project and to be financed out of the proceeds of the Grant.

Section 2.03. The Closing Date shall be June 30, 2008, or such later date as the Association shall establish. The Association shall promptly notify the Recipient of such later date.

Section 2.04. (a) The Recipient shall pay to the Association a commitment charge on the principal amount of the Grant not withdrawn from time to time at a rate to be set by the Association as of June 30 of each year, but not to exceed the rate of one-half of one percent (1/2 of 1%) per annum.

(b) The commitment charge shall accrue: (i) from the date sixty (60) days after the date of this Agreement (the accrual date) to the respective dates on which amounts shall be withdrawn by the Recipient from the Grant Account or cancelled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date and at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied from the next date in that year specified in Section 2.04 of this Agreement.

(c) The commitment charge shall be paid: (i) at such places as the Association shall reasonably request; (ii) without restrictions of any kind imposed by the Recipient or in Kosovo; and (iii) in Euros or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of Section 4.02 of the General Conditions.

Section 2.05. Commitment charges shall be payable semi-annually on June 15 and December 15 in each year.

Section 2.06. With respect to any action required or permitted to be taken under the provisions of Section 2.02 of this Agreement and Article V of the General Conditions, the Recipient shall ensure that applications for withdrawal of the Grant from the Grant Account shall be prepared by the MFE in the form specified and satisfactory to the Association and shall be co-signed by one duly authorized representative of the MEM and one duly authorized representative of the MFE.

ARTICLE III

Execution of the Project

Section 3.01. (a) The Recipient declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement and, to this end, shall carry out the Project with due diligence and efficiency and in conformity with appropriate engineering, environmental, financial, technical and administrative practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Recipient and the Association shall otherwise agree, the Recipient shall carry out the Project in accordance with the implementation program set forth in Schedule 4 to this Agreement.

Section 3.02. (a) Except as the Association shall otherwise agree, procurement of the goods and services required for the Project and to be financed out of the proceeds of the Grant shall be governed by the provisions of Schedule 3 to this Agreement, as said provisions may be further elaborated in the Procurement Plan.

(b) The Recipient shall cause the MEM to update the Procurement Plan in accordance with guidelines acceptable to the Association, and furnish such update to the Association not later than 18 months after the date of the preceding Procurement Plan, for the Association's approval.

Section 3.03. For the purposes of Section 9.06 of the General Conditions and without limitation thereto, the Recipient shall:

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

(b) afford the Association a reasonable opportunity to exchange views with the Recipient and the MEM on said plan.

Section 3.04. Except as the Association shall otherwise agree, the Recipient shall not, and the Recipient shall ensure that MEM shall not, amend, suspend, abrogate, terminate or waive any provision of the Project Implementation Plan without the prior written consent of the Association.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Recipient shall ensure that the MFE maintains a financial management system, including records and accounts, and prepares financial statements in

accordance with consistently applied accounting standards acceptable to the Association, adequate to reflect the Recipient's operations and financial condition and to register separately the operations, resources and expenditures related to the Project.

(b) The Recipient shall:

- (i) ensure that the MFE has the Recipient's financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal year (or other period agreed to by the Association) audited, commencing with the accounts for the year ending December 31, 2006, in accordance with consistently applied auditing standards acceptable to the Association, 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 (or 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 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, and shall ensure that the MFE furnishes, 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 Grant Account were made on the basis of statements of expenditure, the Recipient shall ensure that the MFE:

- (i) retains, 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 Grant Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (ii) enables the Association's representatives to examine such records; and

- (iii) ensures that such statements of expenditure 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 Recipient's progress reporting obligations set out in Section 8 of Schedule 4 of this Agreement, the Recipient shall cause the MEM to prepare a financial monitoring report, in form and substance satisfactory to the Association, and the Recipient shall furnish such report to the Association, which report:

- (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 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 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

Termination

Section 5.01. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VI

Representative of the Recipient; Addresses

Section 6.01. Except as provided in Section 2.06 of this Agreement, the Deputy Special Representative of the Secretary-General of the United Nations Interim Administration Mission in Kosovo, Pillar IV, is designated as representative of the Recipient for the purposes of Section 11.03 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Recipient:

United Nations Interim Administration
Mission in Kosovo
One Mother Theresa Street
Pristina
Kosovo

Facsimile:

(212) 963-8442-5642, or
(381-38) 504 604-5642

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)
64145 (MCI)

(202) 477-6391

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

UNITED NATIONS INTERIM
ADMINISTRATION MISSION IN KOSOVO

By /s/ Joachim Rucker

Authorized Representative

INTERNATIONAL DEVELOPMENT
ASSOCIATION

By /s/ Kanthan Shankar

Authorized Representative

SCHEDULE 1

Withdrawal of the Proceeds of the Grant

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

<u>Category</u>	<u>Amount of the Grant Allocated (Expressed in SDR Equivalent)</u>	<u>% of Expenditures to be Financed</u>
(1) Consultants' services, including audit services	1,600,000	100% of foreign expenditures and 95% of local expenditures
(2) Incremental operating costs	15,000	100% of foreign expenditures and 95% of local expenditures
(3) Unallocated	<u>85,000</u>	
TOTAL	<u>1,700,000</u>	

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures for services supplied from any territory other than that of Kosovo;

(b) the term "local expenditures" means any expenditures other than foreign expenditures; and

(c) the term "Incremental operating costs" means reasonable and necessary incremental expenditures, as approved by the Association on the basis of budgets acceptable to the Association, incurred by the MEM with respect to Project implementation, management and monitoring, including consultant fees (not otherwise financed under Category (1)), office supplies, publication of advertisements and procurement notices, vehicle operation, travel costs, including air fare, local transport, and hotel and per diem charges, translation and production of documents, and workshop expenses, but excluding salaries or honoraria of officials and employees of the Recipient

and PISG, including, without limitation, salaries or honoraria of officials and employees of the MEM.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement.

4. The Association may require withdrawals from the Grant Account to be made on the basis of statements of expenditure for expenditures relating to all incremental operating costs, as approved by the Association on the basis of budgets acceptable to the Association, and under such terms and conditions as the Association shall specify by notice to the Recipient.

5. If the Association shall have determined at any time that any amount of the Grant was used in a manner inconsistent with the provisions of this Agreement, the Recipient shall, promptly upon notice from the Association, refund to the Association for deposit into the Grant Account, an amount equivalent to the amount so used.

SCHEDULE 2

Description of the Project

The objectives of the Project are: (i) to support Kosovo's integration within the ECSEE regional energy market through assistance with implementation of Kosovo's immediate obligations under the Athens Memorandum, specifically the establishment of an independent transmission and system operator, development of a Grid Code, development of transmission and retail tariffs, including subsidy mechanism, and institutional strengthening to participate in the market; and (ii) to develop a policy framework, guidelines and institutional capacity for the utilization of Kosovo's mineral resources.

The Project consists of the following, subject to such modifications thereof as the Recipient and the Association may agree upon from time to time to achieve such objectives.

Part A: Energy Sector

1. Transmission and System Operator

Development of a Grid Code for the transmission system, preparation of a transmission policy framework defining the role of the transmission and system operator within the Kosovo electricity industry and the ECSEE regional energy market, and development of the transmission and system operator organizational design and structure.

2. Tariff Framework

Development of electricity transmission and retail tariffs, including a lifeline tariff that is consistent with the relevant European Union Directives, and development of improved targeting subsidies for the poor.

Part B: Mining Sector

1. Mining Sector Strategy

Development of a mining sector strategy and strengthening of the institutional capacity of the PISG to implement the strategy for both large and small size mines.

2. Mining Sector Community Participation and Development Plan

Development of a policy framework and detailed guidelines for communication, participation and preparation of development plans for communities that may be affected by future mining projects.

3. Mining Sector SME Capacity Development

Provision of technical assistance to small scale mining operations to improve their financial, operational and environmental performance.

* * *

The Project is expected to be completed by December 31, 2007.

SCHEDULE 3

Procurement

Section I. General

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

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

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

A. International Competitive Bidding. Except as otherwise provided in Part B of this Section, 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 Kosovo.

B. Other Procurement Procedures

1. Shopping. Goods estimated to cost less than \$25,000 equivalent per contract may be procured under contracts awarded on the basis of Shopping.

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

2. Least-cost Selection. Services for auditing services may be procured under contracts awarded on the basis of Least-cost Selection in accordance with the provisions of paragraphs 3.1 and 3.6 of the Consultant Guidelines.

Section IV. Review by the Association of Procurement Decisions

Except as the Association shall otherwise determine by notice to the Recipient, each contract for consultants' services shall be subject to Prior Review by the Association. All other contracts shall be subject to Post Review by the Association.

SCHEDULE 4

Implementation Program

1. The Recipient shall ensure that the overall responsibility for the implementation and coordination of the Project, including procurement of consultants' services and project financial management, as well as day-to-day Project management and supervision, shall be vested with the MEM.
2. The Recipient shall ensure that the Project Steering Committee facilitates the timely delivery of the assistance and the effective coordination of the activities provided by the KTA, the Energy Regulatory Office, the MEM and the ICMM under the Project, as well as provides guidance and advice in the implementation of the Project, the terms of reference and the selection of consultants, and compliance with the Association's procurement guidelines and procedures, and consults with local institutions, donors and other stakeholders.
3. The Recipient shall ensure that all agencies, departments, and other organs of the Recipient and of the PISG are provided with adequate resources, staff and facilities for the performance of their respective responsibilities and obligations under the Project, and that they properly discharge such responsibilities and obligations in a timely and effective manner.
4. The Recipient shall ensure that Part A.1 of the Project is carried out by the MEM, in coordination with the KTA.
5. The Recipient shall ensure that Part A.2 of the Project is carried out by the MEM, in coordination with the Energy Regulatory Office.
6. The Recipient shall ensure that Parts B.1 and B.2 of the Project are carried out by the MEM, with assistance from the ICMM.
7. The Recipient shall ensure that Part B.3 of the Project is carried out by the MEM, in coordination with the ICMM.
8. The Recipient 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) cause the MEM to prepare, under terms of reference satisfactory to the Association, and furnish to the Association, on or about December 1, 2006, 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 March 1, 2007, 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.