Hon. Ridvan Bode  
Minister of Finance  
Ministry of Finance  
Deshmoj e Kombit  
No. 4, Tirana  
ALBANIA

Re: Albania – Multi-Donor Trust Fund for Extractive Industry Transparency Initiative (EITI)  
Implementation Support Phase II  
Grant No. TF012148

Excellency:

In response to the request for financial assistance made on behalf of Albania ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development ("World Bank"), acting as administrator of grant funds provided by Australia, Belgium, Canada, Denmark, European Union represented by the European Commission, Finland, France, Germany, Japan, the Netherlands, Norway, Spain, Switzerland, the United Kingdom and the United States (the "Donors") under the Multi-Donor Trust Fund for the Extractive Industry Transparency Initiative ("EITI"), proposes to extend to the Recipient a grant in an amount not to exceed one hundred ten thousand United States Dollars (US$110,000) ("Grant") on the terms and conditions set forth or referred to in this Letter Agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donors. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donors under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds. Accordingly, in the event that any Donor cancels or fails to pay any contributions under the trust fund to the World Bank for any reason, or that as a result of currency exchange variations the amount of funds available in the trust fund is insufficient for the purposes of the Grant, the Recipient shall bear the risk of such funding shortfall and the World Bank shall not have any liability whatsoever to the Recipient or to any third parties in respect of any expenditures or liabilities incurred by the Recipient or any third parties in connection with this Agreement which exceed the amount of funds made available to the World Bank by the Donors for the purposes of the Grant.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of the Agreement, and returning it to the World Bank. Upon
receipt of this countersigned copy, this Agreement will become effective after notification by the Recipient of completion of its internal procedures; provided however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of the Agreement and the respective notification within ninety (90) days after the date of the signature of this Agreement by the World Bank, unless the World Bank and the Recipient shall have established a later date for such purpose.

Very truly yours,
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Anthony A. Gaeta
Acting Country Director for Western Balkans
Europe and Central Asia Region

AGREED:
ALBANIA

By
Authorized Representative
Name
Title
Date:

Enclosures:

(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
(3) Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011
Article I
Standard Conditions; Definitions


1.02. Definitions. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement.

“Multi-Stakeholder Working Group” or “MSWG” means a group comprised of representatives from the Recipient’s Government, mining companies and the civil society, and set up by the Recipient as a forum where all decisions regarding the EITI process will be discussed and agreed upon.

Article II
Project Execution

2.01. Project Objectives and Description. The objectives of the Project are to undertake the recommendations of the Validator to enable successful completion of the validation process started in May 2011, by production of the second EITI Report, and to supplement the currently existing Multi-Donor Trust Fund, which will remain effective until June 30, 2012, and which continues to fund various activities related to capacity building, communication and outreach, and support of the Secretariat. The Project consists of the following parts:

Part A. Production and Dissemination of a Second EITI Report

- Provision of technical assistance for an independent administrator and reconciliation process.
- Carrying out of a launching workshop for dissemination efforts.

2.02. Project Execution Generally. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through its Ministry of Economy, Trade and Energy ("METE"), in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011 ("Anti-Corruption Guidelines"); and (c) this Article II.

2.03. Institutional and Other Arrangements.

(a) The METE shall maintain at all times during implementation of the Project, the EITI Secretariat within the METE that will be responsible for coordinating the Project activities and its day to day operations. At all times throughout the Project implementation, the Recipient shall provide the EITI Secretariat with office space, necessary office equipment and supplies, and cover all utilities.

(b) The Recipient shall not use the proceeds of the Grant for the purpose of any payment to persons or entities, or for the import of goods, if such payment or import, to the Recipient’s knowledge or belief, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the

2.04 **Donor Visibility and Visit.**

(a) The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donor’s support for the Project.

(b) For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request, take all measures required on its part to enable the representatives of the Donor(s) to visit any part of the Recipient’s territory for purposes related to the Project.

2.05. **Project Monitoring, Reporting and Evaluation.**

(a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.

(b) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

2.06. **Financial Management.**

(a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank as part of the Project Report not later than one month after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall, upon the World Bank’s request, have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Such audit of the Financial Statements shall cover the entire period during which the withdrawals of the Grant proceeds are made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

2.07. **Procurement.**

(a) **General.** All goods, works, non-consulting services, and/or consulting services required for the Project and to be financed, fully or partially, out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

(i) Section I of the “Guidelines: Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers”, dated January 2011 (“Procurement Guidelines”), in the case of goods; and

(b) **Definitions.** The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or the Consultant Guidelines, as the case may be.

(c) **Particular Methods of Procurement of Goods.** Goods and services other than consultants' services shall be procured under contract awarded on the basis of Shopping and Direct Contracting (DC). DC may be used, subject to the Bank's prior approval, for procurement of goods and services other than consultants' services which meet the requirements for DC referred to in paragraph 3.6 of the Procurement Guidelines.

(d) **Particular Methods of Procurement of Consultants' Services.** The following methods may be used for the procurement of consultants' services for those assignments which the World Bank agrees meet the requirements set forth in the Consultant Guidelines for their use: (A) Quality and Cost-Based Selection; (B) Selection under Fixed Budget; (C) Least-Cost Selection; (D) Selection based on Consultants' Qualifications; (E) Single-Source Selection; and (F) Selection of Individual Consultants.

(e) **Review by the World Bank of Procurement Decisions.** Except as the World Bank shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the World Bank: (a) the first two contracts to be awarded in accordance with the shopping method; (b) terms of reference for each contract for consultants' services; (c) each contract for consultants' services with a firm estimated to cost the equivalent of $50,000 or more; (d) each contract for consultants' services with an individual consultant, estimated to cost the equivalent of $25,000 or more; and (e) all contracts under direct contracting or single source selection methods. All other contracts shall be subject to Post Review by the World Bank.

**Article III**
**Withdrawal of Grant Proceeds**

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant ("Category"), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consultants' Services and Workshops</td>
<td>110,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td>110,000</td>
<td></td>
</tr>
</tbody>
</table>
For the purposes of this Section:

(a) The term “Workshops” means events organized and conducted under the Project, including purchase and publication of materials, rental of facilities and equipment, travel expenditures and subsistence of workshop participants.

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is October 22, 2012.

**Article IV**

**Recipient’s Representative; Addresses**

4.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Minister of Finance.

4.02. **Recipient’s Address.** The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Mr. Ridvan Bode  
Minister of Finance  
Ministry of Finance  
Deshmoret e Kombit  
No. 4  
Tirana, Albania

4.03. **World Bank’s Address.** The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

International Bank for Reconstruction and Development/International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America  
Facsimile: 1-202-477-6391