The World Bank
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
1818 H Street N.W. Washington, D.C. 20433
INTERNATIONAL DEVELOPMENT ASSOCIATION
U.S.A.
(202) 477-1234
Cable Address: INTBAFRAD
Cable Address: INDEVAS

CONFORMED COPY

August 31, 2010

H. E. Ridvan Bode
Minister of Finance
Ministry of Finance
Bulevardi "Deshmoret e Kombit"
Tirana, Albania

Re: Business Environment Reform and Institutional Strengthening Project
(Credit 4239-ALB and Loan 4841-ALB)
Amendment to the Financing and Loan Agreements

Excellency:

1. We refer to the Financing Agreement for the above-referenced Project, dated November 27, 2006, between Albania and the International Development Association (the Association) (the Financing Agreement) and the Loan Agreement between Albania and the International Bank for Reconstruction and Development (the Bank) for the above-referenced Project, all of which is referenced in the letter dated March 25, 2010 concerning the proposed extension of the closing date of the above referenced Credit and Loan and also to subsequent correspondences and discussions between representatives of our respective offices regarding a proposed revision to the due date for launching of the ARC as well as updating of performance monitoring indicators.

2. After due consideration, the Association/Bank hereby amends the Financing Agreement as follows:

   (a) Section II.2(c) of Schedule 2 to the Financing Agreement is amended to read follows:

   "(c) launch the ARCS not later than December 10, 2011, through the hiring of an independent, private survey or polling company, acceptable to the Association, and under terms of reference satisfactory to the Association."

   (b) A revised Attachment to the June 28, 2010 Supplemental Letter No. 2 on performance monitoring indicators is attached to this amendment letter.

3. The above amendments are incorporated by reference into the Loan Agreement by virtue of Section 3.02(a) of the Loan Agreement.
4. Except as specifically amended herein, all other provisions of the Financing Agreement and Loan Agreement remain in full force and effect.

5. Please confirm your agreement to the foregoing by countersigning both copies of this amendment letter and returning one of the countersigned copies to us. This amendment letter will become effective upon receipt by the Association/Bank of the copy of this amendment letter countersigned by you.

6. In addition, I am pleased to inform you that the Association/Bank have established January 15, 2012 as the later date for purposes of paragraph 2 of Section V.B of Schedule 2 of the Financing Agreement and paragraph 2 of Section B of Schedule 1 of the Loan Agreement.

Sincerely,

By /s/ Jane Armitage
Country Director and Regional Coordinator
for Southeast Europe
Europe and Central Asia Region

AGREED:

ALBANIA

By: /s/ Ridvan Bode
Authorized Representative

Date: October 6, 2010

cc:
H.E. Prime Minister of Albania, Sali Berisha
Ms. Suzana Guxholli, Advisor to the Prime Minister.
Mr. Enno Bozdo, Deputy Minister, Ministry of Economy, Trade and Energy
Mr. Durim Kraja, Secretary General, Ministry of Economy, Trade and Energy
Ms. Jolta Kacani, Project Coordinator, Head of the Department of Trade Policy, Ministry of Economy, Trade and Energy
Ms. Anila Jani, Head of Market Supervisory, Ministry of Economy, Trade and Energy
Ms. Angjelina Kola, General Director, General Directorate of Metrology and Calibration
Mr. Bashkim Muca, General Director, General Directorate of Standardization
Mr. Gezim Karapici, Director, Directorate of Accreditation
Ms. Albana Vokshi, Director of Department for Strategy and Donor Coordination
Mr. Giovanni Majnoni, Executive Director, the World Bank
The overall objective of the BERIS is to: (i) facilitate business entry and operations; and (ii) strengthen the enterprise sector’s capability to increase exports towards the region and EU markets.

### Business Entry and Operations Component:
- Government has well-functioning mechanisms and policies in place for systematically assessing and improving the business environment, including for applying the RIA and other complementary mechanisms to business sector regulations.
- The CPU has strengthened its capacity to assess impact of regulatory measures on competition.

### Export Capability Component:
- The General Directorate for Metrology (GDMC), General Directorate of Standardization (DPS), and Directorate for Accreditation (DA) have acquired the ability to deliver MSTQ services to meet business sector needs.

### Performance Monitoring Indicators

<table>
<thead>
<tr>
<th>PDO</th>
<th>Outcome Indicators</th>
<th>Use of Outcome Information</th>
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</thead>
<tbody>
<tr>
<td>PDO</td>
<td>Business satisfaction with quality of regulation&lt;sup&gt;1&lt;/sup&gt;</td>
<td>Orient Government efforts to further improve business environment in an EU-oriented context</td>
</tr>
<tr>
<td>PDO</td>
<td>% of Senior manager time dealing with state administration</td>
<td></td>
</tr>
<tr>
<td>PDO</td>
<td>Use of MSTQ services, measured as number of calibration services provided</td>
<td></td>
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<tr>
<th>Intermediate Results One per Component</th>
<th>Results Indicators for Each Component</th>
<th>Use of Results Monitoring</th>
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<tr>
<td>Business Entry and Operations Component:</td>
<td>Number of Government officials trained in RIA and other regulatory review techniques</td>
<td>Business Entry and Operations Component:</td>
</tr>
<tr>
<td>Business Entry and Operations Component:</td>
<td>Number of RIA pilots carried out</td>
<td>Results monitoring can be used to guide possible adjustments including: (i) change scope/content of the training on RIA and complementary methodologies; (ii) review of the institutional framework for regulatory reforms; (iii) (stronger) legal underpinning of the institutional infrastructure for business regulation, including RIA, consultation and the Business Advisory Council.</td>
</tr>
</tbody>
</table>

| Export Capability Component: | Number of kind of measurements<sup>2</sup> in which GDMC is able to provide calibration services | Export Capability Component: |
| Export Capability Component: | Number of accreditations granted in accordance with the European cooperation for Accreditation (EA) standards | Internal statistics are used to: (i) guide the implementation and update of the development strategy of each MSTQ institution; and (ii) adjust service delivery, procurement plans for new equipment, and scope and content of training programs. |
| Export Capability Component: | Number of accreditation assessors | |

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<sup>1</sup> 1 very satisfied; ….. 6 Very dissatisfied

<table>
<thead>
<tr>
<th><strong>Project Coordination Support Component:</strong></th>
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<th><strong>Project Coordination Support Component:</strong></th>
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<tr>
<td>The METE has acquired the capacity to monitor and evaluate progress in improving the business environment and implement effective consultation with business sector</td>
<td>Number of workshops organized by the Trade Facilitation Unit (TFU) to discuss Government’s progress in business environment reforms with relevant stakeholders (including progress made in BERIS-supported reforms)</td>
<td>Vehicle to discuss progress towards development objective, and indicate steps to be taken for timely achievement of the objective</td>
</tr>
<tr>
<td>trained % of adopted standards made available electronically</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Arrangements for results monitoring

<table>
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<tr>
<th>Outcome Indicators</th>
<th>Baseline</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>Frequency and Reports</th>
<th>Data Collection Instruments</th>
<th>Responsibility for Data Collection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business satisfaction with quality of regulation (source: ARCS)³</td>
<td>3.3 (2005)</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>2.5</td>
<td>Semi-annual, Annual (for each indicator) *</td>
<td>Reports prepared by the TFU</td>
</tr>
<tr>
<td>% of Senior manager time dealing with state administration (ARCS)</td>
<td>16.1 (2005)</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>13</td>
<td>Monitoring report</td>
<td>TFU</td>
</tr>
<tr>
<td>Use of MSTQ services, measured as number of calibration services provided (year-to-date)</td>
<td>26 (2006)</td>
<td>30</td>
<td>190</td>
<td>250</td>
<td>350</td>
<td>450</td>
<td>650</td>
<td>Monitoring report</td>
<td>GDMC to METE/TFU</td>
</tr>
</tbody>
</table>

### Results Indicators for Each Component

#### Business Entry and Operations Component:
- **Number of Government officials trained in RIA and other regulatory review techniques (cumulative)**
  - Baseline: 0 (2006)
  - 2006: NA
  - 2007: NA
  - 2008: 3
  - 2009: 40
  - 2010: 40
  - Frequency: Semi-annual, Annual *
  - Reporting: Monitoring report
  - Responsibility: TFU

- **Number of RIA pilots carried out (cumulative)**
  - Baseline: 0 (2006)
  - 2006: NA
  - 2007: NA
  - 2008: NA
  - 2009: 1
  - 2010: 3
  - Frequency: Semi-annual, Annual *
  - Reporting: Monitoring report
  - Responsibility: TFU

#### Export Capability Component:

- **Number of kind of measurements⁴ in which GDMC is able to provide calibration services (cumulative)**
  - 2006: 5
  - 2007: 6
  - 2008: 13
  - 2009: 20
  - 2010: 25
  - Frequency: Semi-annual * (for each indicator)
  - Reporting: Statistics (for each indicator)
  - Responsibility: GDMC to METE/TFU

- **Number of accreditations granted in accordance with the EA standards (cumulative)**
  - Baseline: 3 (2006)
  - 2006: 3
  - 2007: 6
  - 2008: 9
  - 2009: 13
  - 2010: 20
  - Frequency: Semi-annual *
  - Reporting: Monitoring report
  - Responsibility: DA to METE/TFU

- **Number of accreditation assessors trained (cumulative)**
  - Baseline: 0 (2006)
  - 2006: NA
  - 2007: 5
  - 2008: 10
  - 2009: 15
  - 2010: 20
  - Frequency: Semi-annual *
  - Reporting: Monitoring report
  - Responsibility: DA to METE/TFU

- **% of adopted standards made available electronically (cumulative)**
  - Baseline: 77.4 (2006)
  - 2006: 77.4
  - 2007: 81.5
  - 2008: 84
  - 2009: 90
  - 2010: 100
  - Frequency: Semi-annual *
  - Reporting: Monitoring report
  - Responsibility: DPS to METE/TFU

#### Project Coordination Support Component:

- **Number of workshops organized by the TFU to discuss Government’s progress in business environment reforms with relevant stakeholders, including progress made in BERIS-supported reforms (cumulative)**
  - Baseline: 5 (2006)
  - 2006: 5
  - 2007: 8
  - 2008: 10
  - 2009: 13
  - 2010: 15
  - Frequency: Semi-annual, Annual *
  - Reporting: Semi-annual and annual reports, workshop documentation and list of participants
  - Responsibility: TFU/METE to policymakers, business association, general public

(*) Evaluation and monitoring of the BERIS outcome indicators will rely upon the annual/semi-annual reports prepared by the TFU (formerly DMP). These reports – which will integrate assessment of progress in achieving results indicators for each BERIS component - will provide a qualitative assessment of the project outcome of capacity building activities, including capacity to coordinate and implement regulatory reforms, collect and analyze data, increased compliance with EU requirements, increased accountability, public information disclosure, etc.

³ I very satisfied; ..... 6 Very dissatisfied
