March 9, 2011

H.E. Ridvan Bode
Minister of Finance
Ministry of Finance
No. 4, Tirana, Albania

Re: Albania: PHRD Grant for the Preparation of Municipal Finance, Governance and Services Delivery Project Grant No. TF093096
Amendment to Grant Agreement

Excellency:

We refer to the Grant Agreement dated August 26, 2009 (the “Agreement”) between the International Bank of Reconstruction and Development (“World Bank”), acting as administrator of grant funds provided by the Government of Japan, and Albania (the “Recipient”) for the Preparation of Municipal Finance, Governance and Services Delivery Project, and your letters dated April 74, 2010 and February 24, 2011.

We are pleased to inform you that, after due consideration, the World Bank agrees to your requests and hereby amends the provisions set out in the Annex to the Agreement as follows:

1. Section 1.02 of the Annex to the Agreement is amended to read as follows:

“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; provided that for the purposes of this Agreement, the term “Project”, whenever used in the Standard Conditions, shall mean the Activities referred to in Section 2.01 of this Annex. Additionally, the following terms have the meanings assigned to them below:

(a) “MPWT” means the Ministry of Public Works and Transport of the Recipient, or any successor thereto.

(b) “PIU” means the Project Implementing Unit established within the MPWT by Internal Order of the Minister of Public Works and Transport to the General Directorate for Water and Sanitation Services dated April 28, 2010.”

2. Section 2.02 of the Annex to the Agreement is amended as follows:

“2.02. Grant Execution Generally. (a) The Recipient declares its commitment to the objectives of the Project and the Grant. To this end, the Recipient shall carry out the Activities through the PIU in accordance with the provisions of: (i) Article II of the Standard Conditions; and (ii) this Article II.

(b) The Recipient shall, until the Closing Date (i) maintain the PIU in a form and with the functions, staffing and resources required for the PIU to carry out day-to-day implementation of the Activities;
(ii) promptly provide to the PIU the funds, facilities, services and other resources required for the Activities.

c) The Recipient shall carry out the fiduciary implementation and management, including procurement and financial management, of the Activities, through the PIU.

d) The Recipient furnish, or cause the PIU to furnish, all information regarding the Activities and the use of the proceeds of the Grant as the World Bank shall reasonably request.”

3. Section 3.03 of the Annex to the Agreement is amended as follows:

“3.03. Withdrawal Period. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is September 30, 2011.”

Except as specifically amended herein, all other terms of and conditions of the Agreement shall remain in full force and effect.

Please confirm your agreement to the foregoing by countersigning, dating and returning to us the enclosed original duplicate of this Amendment Letter. This Amendment Letter will become effective as of the date of the counter signature.

Sincerely,

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

By /s/ Mohinder P. Gulati
Acting Country Director and Regional Coordinator
for Southeast Europe
Europe and Central Asia Region

AGREED:

ALBANIA

By: /s/ Ridvan Bode
Minister of Finance
Date: March 18, 2011