

The World BankINTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION1818 H Street N.W.
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Cable Address: INTBAFRAD
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December 9, 2010

Ms. Clare Sears, Director
Albania Office
British Council
Rr Perlat Rexhepi,
P 197 ANA, 1000 Tirana,
Albania

**Re: Governance Partnership Facility Grant No.TF097338
Mini Development Market Place for Governance Project**

Dear Ms. Sears:

In response to the request for financial assistance made on behalf of the British Council (“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 various donors under the Governance Partnership Facility Trust Fund, proposes to extend to the Recipient for the benefit of the Republic of Albania (“Member Country”), a grant in an amount not to exceed one hundred and forty thousand United States Dollars (USD 140,000) (“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. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the Recipient may withdraw the Grant proceeds subject to the availability of such funds.

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 this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the

countersigned copy of this Agreement within 90 days after the date of signature of this Agreement by the World Bank, unless the World Bank shall have established a later date for such purpose.

Very truly yours,
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By /s/ Kseniya Lvovsky
Country Manager
Albania
Europe and Central Asia Region

AGREED:
BRITISH COUNCIL

By: /s/ Clare Sears
Name: Ms. Clare Sears
Title: Director, Albania Office

Date: December 13, 2010

Enclosures:

- (1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 31, 2010
- (2) Disbursement Letter dated December 6, 2010, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006

Article I

Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated July 31, 2010 (“Standard Conditions”) constitute an integral part of this Agreement.

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.

(a) “Evaluation Committee” means a committee established under Section 2.03(a) of this Annex to the Agreement.

(b) “Grantees” means local non-profit organizations in Albania, including grass-roots civil society groups and academic institutions selected to receive Sub-Grants under the Project.

(c) “Sub-Grants” means funds provided from the Grant proceeds to Grantees to support innovative initiatives as described in Section 2.01 of this Annex to the Agreement by financing following categories of expenditures, namely goods, consultants’ services, operating costs, training and workshops.

(d) “Sub-Grant Agreements” means agreements entered between the Recipient and the Grantees under Section 2.03(b) of this Annex to the Agreement.

Article II

Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to support the demand of the Albanian civil society for better governance by financing innovative governance approaches. The Project consists of the following parts:

Part A. Sub-Grants

Provision of Sub-Grants to eligible local non-profit organizations, including grass-roots civil society groups and academic institutions selected on a competitive basis to support innovative initiatives for better governance in Albania. This shall include announcing a competition to public to ensure wider participation, screening and selecting proposals through the Evaluation Committee, concluding Sub-Grant Agreements with selected Grantees and providing project implementation guidance to the Grantees. The Sub-Grants shall be provided to innovative initiatives focused on the following themes:

- a. Accountability and transparency at the national and local level;
- b. Empowerment of advocacy groups;

- c. Anti-corruption activities;
- d. Civic education; public access to information;
- e. Economic governance;
- f. National policies dialogue;
- g. Participatory national and local budgeting;
- h. Strengthening transparency and oversight over the use of budgetary resources, including civil society monitoring of public procurement; and
- i. Participatory processes on prioritization of local public investments, and public service delivery.

Part B. Supervision and evaluation of Sub-Grants initiatives, and dissemination of results

- (a) Carrying out an evaluation on the Sub-Grant initiatives; and
- (b) Preparation of a final report summarizing the results of and lessons learnt from the Sub-Grant initiatives, disseminate the final report to public and organize a conference to present the final report.

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 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 (“Anti-Corruption Guidelines”), with the modifications set forth in the Appendix to this Agreement; and (c) this Article II.

2.03. ***Institutional and Other Arrangements.*** (a) The Recipient and the World Bank shall establish a joint Evaluation Committee that will be responsible for reviewing the Sub-Grant proposals and selecting Grantees. At least three (3) representatives from the World Bank shall participate in the Evaluation Committee.

(b) The Recipient shall provide the Sub-Grants to Grantees under Sub-grant Agreements on terms and conditions acceptable to the World Bank, which shall include the following:

- (i) The Recipient shall obtain rights adequate to protect its interests and those of the World Bank, including the right to: (1) suspend or terminate the right of the Grantees to use the proceeds of the Sub-Grant, or obtain a refund of all or any part of the amount of the Sub-Grant then withdrawn, upon the Grantees failure to perform any of its obligations under the Sub-Grant Agreements; and (2) require the Grantees to: (A) procure the goods and services to be financed out of the Sub-Grants in accordance with the relevant provisions of this Agreement; (B) maintain policies and procedures adequate to monitor and evaluate the progress of the Sub-Grant activities and the achievement of their objectives; (C) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards, both in a manner adequate to reflect the operations, resources and expenditures related to the Sub-Grant; and (D) use the Sub-Grant proceeds and implement the Sub-Grant activities in accordance with the Anti-Corruption Guidelines.

- (ii) The Recipient shall exercise its rights under the Sub-Grant agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purpose of the Grant. Except as the World Bank shall otherwise agree, the Recipient and the Grantees shall not assign, amend, abrogate or waive the Sub-Grant agreement or any of its provisions.

(c) The Recipient shall ensure that all public information and public materials to be disseminated under and/or in relation to the Project are consulted with and approved in advance by the World Bank.

2.04. ***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 April 30, 2012.

2.05. ***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 semester, covering the semester, in form and substance satisfactory to the World Bank.

(c) The Recipient shall 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 withdrawals from the Grant Account were made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of such period.

2.06. ***Procurement***

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

(i) Section I (excluding paragraph 1.16) of the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the World Bank in May 2004 and revised in October 2006 and May 2010 (“Procurement Guidelines”), in the case of goods; and

(ii) Sections I (excluding paragraph 1.24) and IV of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the World

Bank in May 2004 and revised in October 2006 and May 2010 (“Consultant Guidelines”), in the case of consultants’ services.

(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

(i) The following methods may be used for procurement of goods for those contracts which the Bank agrees meet the requirements set forth in the Procurement Guidelines for their use: (A) Shopping; (B) Direct Contracting; (C) Established Private or Commercial Practices which have been found acceptable to the World Bank; and (D) Community Participation procedures which have been found acceptable to the World Bank.

(d) Particular Methods of Procurement of Consultants’ Services

(i) The following methods may be used for the procurement of consultants’ services for those assignments which the Bank agrees meet the requirements set forth in the Consultant Guidelines for their use: (A) Selection based on Consultants’ Qualifications; (B) Single-source Selection; (C) Established Private or Commercial Practices which have been found acceptable to the World Bank; (D) Selection of Individual Consultants; and (E) Sole Source Procedures for the Selection of Individual Consultants.

(e) Review by the World Bank of Procurement Decisions. All 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) 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:

Category	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed
(1) Sub-Grants	100,000	100%
(2) Incremental Operating Costs	40,000	100%
TOTAL AMOUNT	140,000	

For the purposes of this Section, the term 'Incremental Operating Costs' means incremental costs incurred by the Recipient on account of the Project for (i) Project management and administration, and Sub-Grants supervision and evaluation, including travel expenditures, (ii) office supplies, utilities, translation, printing and advertising; (iii) communication; (iv) commercial bank charges; (v) salaries of Recipient's staff working for the Project, (vi) audit, and (vii) organizing the conference under Part B(b) of Section 2.01.

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 March 31, 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 Director of British Council in Albania.

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

British Council
Rr.' Perlat Rexhepi'
P.197, "Ana",
Tirana, Albania
Facsimile: +355 4 2240858

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
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable:

Telex:

Facsimile:

INTBAFRAD
Washington, D.C.

248423 (MCI) or
64145 (MCI)

1-202-477-6391

APPENDIX
Modifications to the Anti-Corruption Guidelines

The modifications to the Anti-Corruption Guidelines are as follows:

1. Section 5 is re-numbered as Section 5(a) and a new Section 5(b) is added to read as follows:

“...(b) These Guidelines also provide for the sanctions and related actions to be imposed by the Bank on Borrowers (other than the Member Country) and all other individuals or entities who are recipients of Loan proceeds, in the event that the Borrower or the individual or entity has been debarred by another financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

2. Section 11(a) is modified to read as follows:

“... (a) sanction in accordance with prevailing Bank’s sanctions policies and procedures (fn13) a Borrower (other than a Member Country) (fn 14) or an individual or entity, including (but not limited to) declaring such Borrower, individual or entity ineligible publicly, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; (ii) to benefit from a Bank-financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or implementation of the project or any other project financed, in whole or in part, by the Bank, if at any time the Bank determines (fn 15) that such Borrower, individual or entity has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in connection with the use of loan proceeds, or if another financier with which the Bank has entered into an agreement for the mutual enforcement of debarment decisions has declared such person or entity ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

Footnotes:

“13. An individual or entity may be declared ineligible to be awarded a Bank financed contract upon completion of sanctions proceedings pursuant to the Bank’s sanctions policies and procedures, or under the procedures of temporary suspension or early temporary suspension in connection with an ongoing sanctions proceeding, or following a sanction by another financier with whom the Bank has entered into a cross debarment agreement, as a result of a determination by such financier that the firm or individual has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

“14. Member Country includes officials and employees of the national government or of any of its political or administrative subdivisions, and government owned enterprises and agencies that are

not eligible to bid under paragraph 1.8(b) of the Procurement Guidelines or participate under paragraph 1.11(c) of the Consultant Guidelines.”

“15. The Bank has established a Sanctions Board, and related procedures, for the purpose of making such determinations. The procedures of the Sanctions Board sets forth the full set of sanctions available to the Bank. In addition, the Bank has adopted an internal protocol outlining the process to be followed in implementing debarments by other financiers, and explaining how cross-debarments will be posted on the Bank’s website and otherwise be made known to staff and other stakeholders.”