H.E. Arben Ahmetaj  
Minister of Finance  
Ministry of Finance  
Boulevard Deshmoret E. Kombit  
Tirana, Albania

Re:  Albania – Multi-Donor Trust Fund for Extractive Industry  
Transparency Initiative Support to Extractive Industries  
Transparency Initiative Compliance Process Project  
Letter Agreement (Grant No. TF0A1769)

Excellency:

In response to the request for financial assistance made on behalf of Republic 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 Extractive Industry Transparency Initiative (EITI) Implementation Support Facility, proposes to extend to the Recipient a grant in an amount not to exceed four hundred thousand United States Dollars (US$400,000) ("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.

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 with the foregoing Agreement by signing, dating and returning to us the enclosed copy of this Agreement. This Agreement shall become effective as of the date upon which the World Bank dispatches to the Recipient notice of receipt of the Recipient’s notification that the execution and delivery of this Agreement has been duly authorized or ratified according to the Recipient’s legislation.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By [Signature]
Tahseen Sayed
Country Manager
Albania World Bank Office

AGREED:
REPUBLIC OF ALBANIA

By [Signature]
Authorized Representative

Name [Signature]
Minister of Finance

Date: 19/05/2016

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

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated February 15, 2012 ("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) "Civil Society Organizations" means the non-governmental organizations, media and youth groups.

(b) "EITI" means the Extractive Industry Transparency Initiative.

(c) "EITI National Secretariat" means the secretariat within the Recipient’s Ministry of Energy and Industry created by the Decision of Council of Ministers - DCM No. 540, date 7.7.2010, or its legal successor thereto.

(d) "MEI" means the Recipient’s Ministry of Energy and Industry or its legal successor thereto.

(e) "Multi-Stakeholder Working Group" or "MSG" means a forum comprising representatives from the Recipient’s Government, mining companies and civil society, set up by the Recipient to make decisions on the EITI process.

(f) "Operating Costs" means the reasonable and incremental expenses incurred by the EITI National Secretariat and MSG on account of travel expenses, as well as any other reasonable expenditures agreed with the World Bank which are directly associated with the implementation of the Project.

(g) "Training" means expenditures (other than for consultants’ services), incurred during the implementation of the Project, based on periodic budgets acceptable to the World Bank, for: (i) reasonable travel, room, board and per diem expenditures incurred by trainers and trainees in connection with their training; (ii) course fees; (iii) training/workshop facility and equipment rentals; and (iv) training material preparation, acquisition, reproduction and distribution expenses not otherwise covered under this paragraph.

Article II
Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to assist the Recipient in implementing its EITI agenda. The Project consists of the following parts:
Part A. **EITI Implementation Support**

Support the Recipient to meet and maintain its EITI compliant status obligations, including through recruitment of: (i) an independent administrator to oversee the preparation of the two annual EITI reports covering all extractive industries for the calendar year 2015 and 2016; and (ii) a legal expert to conduct a legal and regulatory review to identify the factors which lead to slow data collection in the preparation of EITI reports and recommend improvements.

Part B. **Capacity Building**

Provision of technical assistance and core training on EITI and natural resources management through: (i) carrying out tailored training for all relevant stakeholders in the extractive industries, including EITI National Secretariat and MSG, civil society organizations on matters related to extractive industries, EITI standards and overall transparency in the sector; and (ii) provision of technical advisory services for state agencies and companies operative in the extractive industries to address their particular needs in complying with EITI reporting requirements.

Part C. **Communication and Outreach**

Support the implementation of the EITI communication strategy for the first year of Project implementation including: (i) provision of support for print and visual media outreach campaigns to support the EITI National Secretariat to publish and disseminate crucial information to the public; (ii) raising awareness through organized events including press conferences and workshops to increase the understanding of key issues related to extractive industries; and (iii) management of Albania’s EITI website and social media accounts.

Part D. **Project Management**

Strengthening the EITI National Secretariat’s capacity to carry out Project management through: (i) recruitment of the services of an IT specialist and a procurement specialist on a contractual basis; and (ii) financing of Operating Costs.

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 the EITI National Secretariat 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.

2.03. **Institutional and Other Arrangements.** For the purposes of carrying out the Project, the Recipient shall:

(a) ensure that the EITI National Secretariat coordinates the Project activities and carries out its day to day operations with due diligence and efficiency;

(b) provide at all-time throughout the implementation of the Project, the EITI National Secretariat with office space, necessary office equipment, supplies and utilities; and
(c) 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 Charter of the United Nations, including under United Nations Security Council Resolution 1373 and related resolutions.

2.04.  **Donor Visibility and Visit.** (a) The Recipient shall through the EITI National Secretariat 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 through the EITI National Secretariat shall, upon the World Bank’s request, enable the representatives of the Donors to visit any part of the Recipient’s territory for purposes related to the Project.

2.05.  **Documents; Records**

In addition and without limitation to the obligations set forth in Section 2.05 of the Standard Conditions, the Recipient through shall through the EITI National Secretariat ensure that:

(a) all records evidencing expenditures under the Project are retained for seven years and six months after the Closing Date, such records to include: (i) this Agreement, all addenda thereof, and any amendments thereto; (ii) the Recipient’s financial and narrative progress reports submitted to the World Bank; (iii) the Recipient’s financial information related to the Grant, including audit reports, invoices and payroll records; (iv) the Recipient’s implementation documentation (including sub-agreements, procurement files, contracts, purchase orders); and (v) the corresponding supporting evidence referred to in Section 3.04 of the Standard Conditions; and

(b) the representatives of the World Bank are: (i) able to examine all records referred to above in paragraph (a); (ii) provided all such information concerning such records as they may from time to time reasonably request; and (iii) able to disclose such records and information to the Donor.

2.06.  **Project Monitoring, Reporting and Evaluation.** (a) The Recipient shall through the EITI National Secretariat 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 the 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 through the EITI National Secretariat 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.

2.07.  **Financial Management.** (a) The Recipient shall through the EITI National Secretariat 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 through the EITI National Secretariat ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than 45 days after the end of each calendar semester, covering the semester, in form and substance satisfactory to the World Bank.

(c) The Recipient shall through the EITI National Secretariat have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.

2.08. **Procurement**

(a) **General.** All goods and consultants’ 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 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 (revised July 2014) (“Procurement Guidelines”), in the case of goods and non-consulting services; 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 Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

(c) **Particular Methods of Procurement of Goods**

(i) Except as otherwise provided in sub-paragraph (ii) below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

(ii) The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts which are specified in the Procurement Plan: (A) National Competitive Bidding, subject to the additional provisions contained in paragraph (iii) of this Section; (B) Shopping*1; and (C) Direct Contracting.

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1 *Shopping will rely upon the Electronic Government Portal for the shopping procedure which has been approved by the World Bank*
(iii) Modifications to the Borrower's National Competitive Bidding Procedures. The National Competitive Bidding procedures ("NCB") shall be based on the Open Tendering procedures as defined in the Public Procurement Law ("PPL") of Albania (Law No. 9643 dated November 20, 2006, as amended), provided, however, that such procedure shall be subject to the provisions of Section I and Paragraphs 3.3 and 3.4 of the Procurement Guidelines and the following additional provisions:

(a) "Open Tendering" procedures as defined in the PPL of Albania shall apply to all contracts financed by the Bank.

(b) Foreign bidders shall not be precluded from bidding and no preference of any kind shall be given to national bidders in the bidding process. Government-owned enterprises in Albania shall be permitted to bid only if they are legally and financially autonomous and operate under commercial law of the Borrower. Registration shall not be used to assess bidders' qualifications.

(c) Bids shall be opened in public in one location, immediately after the deadline for submission of bids in the presence of the representatives who choose to attend.

(d) The procuring entities shall use sample bidding documents as approved by the Bank.

(e) In case of higher bid prices compared to the official estimate, all bids shall not be rejected without the prior concurrence of the Bank.

(f) A single-envelope procedure shall be used for the submission of bids.

(g) Post-qualification shall be conducted only on the lowest evaluated bidder; no bid shall be rejected at the time of bid opening on qualification grounds.

(h) Bidders in the form of a joint venture shall be held jointly and severally liable.

(i) Before rejecting all bids and soliciting new bids, the prior concurrence of the Bank shall be obtained.

(j) Contracts shall be awarded to the lowest evaluated, substantially responsive bidder who is determined to be qualified to perform in accordance with pre-defined and pre-disclosed evaluation criteria.

(k) Post-bidding negotiations shall not be allowed with the lowest evaluated or any other bidder.
Contracts of long duration (more than 18 months) shall contain appropriate price adjustment provisions acceptable to the Bank.

Bid and contract guarantees shall be in the format included in the bidding documents referred to in (d) above. The bid guarantee shall be valid for twenty-eight (28) days beyond the original validity period of the bid, or beyond any period of extension if requested. No advance payments shall be made without a suitable advance payment guarantee.

The bidding document and contract as deemed acceptable by the Bank shall include provisions stating the Bank’s policy to sanction firms or individuals, found to have engaged in fraud and corruption as defined in the Procurement Guidelines.

In accordance with the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Loan shall provide that bidders, suppliers and contractors, and their subcontractors, agents, personnel, consultants, service providers, or suppliers, shall permit the Bank to inspect all accounts, records, and other documents relating to the submission of bids and contract performance, and to have them audited by auditors appointed by the Bank. Without limitation to the provisions set forth in paragraph 1.16 (a)(v)(bb) of the Procurement Guidelines, acts intended to materially impede the exercise of the Bank’s inspection and audit rights provided for in the Procurement Guidelines shall constitute an obstructive practice as defined in the Procurement Guidelines.

**Particular Methods of Procurement of Consultants’ Services**

Except as otherwise provided in item (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

The following methods, other than Quality- and Cost-based Selection, may be used for the procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (A) Quality-based Selection; (B) Selection under a Fixed Budget; (C) Least Cost Selection; (D) Selection based on Consultants’ Qualifications; (E) Single-source Selection of consulting firms; (F) Selection of Individual Consultants; and (G) Single-source procedures for the Selection of Individual Consultants.

**Review by the Bank of Procurement Decisions**

The procurement plan shall set forth those contracts which shall be subject to the Bank’s Prior Review. All other contracts shall be subject to Post Review by the Bank.
(f) **Document Retention.** Notwithstanding the provisions of paragraphs 2(j) and 5 of Appendix 1 to the Procurement Guidelines, and paragraphs 2(k) and 5 of Appendix 1 to the Consultant Guidelines, the Recipient: (i) shall retain all documentation with respect to each contract as described in said paragraphs for at least seven years and six months after the Closing Date set forth in Section 3.03 of this Agreement; (ii) shall furnish such documentation to the World Bank at any time upon request; and (iii) hereby authorizes the World Bank to disclose such documentation to the Donor.

**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.

<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>(1) Goods, Consultants’ Services, Training and Operating Costs under the Project</td>
<td>400,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>400,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

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 this Agreement, except that withdrawals up to an aggregate amount not to exceed $40,000 equivalent may be made for payments made prior to this date but on or after the date twelve (12) months prior to the date of this Agreement, for Eligible Expenditures under the Project.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 31, 2017.

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

Ministry of Finance  
Bulevard “Dëshmorët e Kombit”;  
Nr.3, Tirana, Albania

Facsimile: +355 4 222 8405

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

Facsimile: 1-202-477-6391