Re: Kosovo: Second Youth Development Project - Additional Financing
State and Peace Building Fund Grant No. TF017535

Dear Sir/Madam:

I am writing on behalf of the International Development Association (the “Association”) to indicate the Association’s agreement, as administrator of grant funds provided by various donors (“Donors”) under the State and Peace Building Fund, to make a grant in an amount not exceeding two hundred thousand United States Dollars (US$200,000) (the “Grant”) to the Republic of Kosovo (the “Recipient”).

The Grant is made in response to the Recipient’s request for financial assistance and for the purposes and on the terms and conditions set forth in the Annex to this Letter Agreement. The Recipient hereby confirms its request that the Bank carry out the activities described in paragraph 1 of the Annex to this Letter Agreement, and represents that it is authorized to contract the Grant for the said purposes and on the said terms and conditions.

Please note that it is the Bank’s policy to make publicly available this Letter Agreement and any information related thereto, after this Letter Agreement has become effective and the Recipient has given its consent to such disclosure. The Recipient, by countersigning this Letter Agreement, confirms its consent to such disclosure.

Please confirm your agreement with the foregoing, on behalf of the Recipient, by signing, dating, and returning to us the enclosed copy of this Letter Agreement. Upon receipt by the Bank of the copy of this Letter Agreement countersigned by you, this Letter Agreement will become effective as of the date of the countersignature.

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Ellen Goldstein
Country Director, Southeast Europe
Europe and Central Asia Region
AGREED:

REPUBLIC OF KOSOVO

By ____________________________

Name: ____________________________

Title: MINISTRY OF FINANCE

Date: 5.3.2015
ANNEX

Purposes, Terms and Conditions of the Grant

1. The purposes of the Grant are to scale up project activities under the Kosovo Youth Development Project that address youth unemployment and ethnic fragmentation in the Republic of Kosovo by: (i) expanding the geographic scope to Northern Kosovo and intensifying activities in Serb and mixed municipalities; and (ii) strengthening youth employment services with a particular emphasis on vulnerable and excluded groups including Serbs, Roma, Ashkali, Egyptians, and disabled people. The main objective of this Grant is (i) to promote social cohesion through inter-ethnic collaboration among youth, especially from marginalized and vulnerable groups; and (ii) to improve economic opportunities for young people and sustainable access to youth services in Kosovo. The activities (the “Activities”) for which the Grant is given are as follows:

(a) consultants’ services for the development of a Youth Employment Strategy
(b) consultants’ services for the development of a diagnostic study on the socioeconomic context in Northern Kosovo.

2. The Grant shall be used to finance consultants’ services, consultant no-indirects, contractual services, and travel expenses required for the Activities.

3. The Association shall carry out the Activities on behalf of the Recipient. The Recipient shall cooperate with the Association to the extent necessary to permit the Association to carry out the Activities promptly and effectively, and to evaluate the results of the Activities. The Recipient shall indemnify the Association against any costs or liabilities incurred by the Association as a result of claims against the Association in connection with the Activities, except those resulting from the gross negligence or willful misconduct of its staff or external consultants.

4. The Association shall carry out the Activities pursuant to this Letter Agreement only to the extent that the Grant funds required for such Activities are available to the Association from Donors.

5. The Activities shall be completed by not later than March 30, 2016, or such later date as the Association may establish by notice to the Recipient (the Closing Date).

6. The engagement and supervision of the consultants (the “Consultants”) required to assist in the carrying out of the Activities shall be the responsibility solely of the Association and shall be done according to the Association’s applicable procedures.

7. The Recipient may at any time request the Association in writing to terminate the Activities. Whether or not the Recipient has made such a request, the Association may at any time suspend or, after consultation with the Recipient, terminate the right of the Recipient to receive Grant funds for the Activities if any of the following events has occurred and is continuing: (a) the Recipient has failed to perform any of its obligations under this Letter Agreement; or (b) the right of the Recipient to make withdrawals under any loan agreement with the Bank or any development credit, grant or financing agreement with the International Development Association has been suspended.

8. The Bank is not an agent of, or trustee for, the Recipient and shall not have any fiduciary relationship with the Recipient. The Recipient shall have no right to any portion of the Grant that is not expended by the Bank pursuant to this Letter Agreement.