June 12, 2014

His Excellency
Minister of Finance
Ministry of Finance
Tirana, Albania

Excellency:

Re: IBRD Loan 8323-AL (ALBANIA-Water Sector Investment Project)
Additional Instructions: First Restatement Disbursement Letter

I refer to the Loan Agreement between the International Bank for Reconstruction and Development (the “Bank”) and Albania (the “Borrower”) for the above-referenced project, dated January 16, 2014. The Agreement provides that the Bank may issue additional instructions regarding the withdrawal of the proceeds of Loan 8323-AL (“Loan”). This letter (“Disbursement Letter”), as revised from time to time, constitutes the additional instructions.

This letter is the First Restatement of the Disbursement Letter dated January 16, 2014 for the above referenced project, to provide the Advance Disbursement Method for the project by restating: (1) Section I. Disbursement Arrangements. Subsection (i) to include the Advance Method; and (2) Section II. Withdrawal of Loan Proceeds. Subsection (v) is deleted and replaced by a new subsection (v) on the Minimum Value of Applications, and subsection (vi) is added to include the Advance into a Designated Account.

The attached World Bank Disbursement Guidelines for Projects, dated May 1, 2006, (“Disbursement Guidelines”) (Attachment 1), are an integral part of the Disbursement Letter. The manner in which the provisions in the Disbursement Guidelines apply to the Loan is specified below. Sections and subsections in parentheses below refer to the relevant sections and subsections in the Disbursement Guidelines and, unless otherwise defined in this letter, the capitalized terms used have the meanings ascribed to them in the Disbursement Guidelines.

I. Disbursement Arrangements

(i) Disbursement Methods (section 2). The following Disbursement Methods may be used under the Loan:

- Reimbursement
- Advance
- Direct Payment
- Special Commitments
(ii) Disbursement Deadline Date (subsection 3.7). The Disbursement Deadline Date is 4 months after the Closing Date specified in the Loan Agreement. Any changes to this date will be notified by the Bank.

(iii) Disbursement Conditions (subsection 3.8). Please refer to the Disbursement Condition(s) in the Loan Agreement.

II. Withdrawal of Loan Proceeds

(i) Authorized Signatures (subsection 3.1).
A letter in the Form attached (Attachment 2) should be furnished to the World Bank at the address indicated below providing the name(s) and specimen signature(s) of the official(s) authorized to sign Applications:

The World Bank
1818 H Street, NW
Washington, DC 2043
Att: Country Director and Regional Coordinator for Southeast Europe (ECA Region)

(ii) Applications (subsections 3.2 - 3.3). Please provide completed and signed (a) applications for withdrawal, together with supporting documents, and (b) applications for special commitments, together with a copy of the commercial bank letter of credit, to the address indicated below:

The World Bank
Radnicka cesta 80, 9th floor
Zagreb, HR - 10 000,
Croatia
Attention: Loan Department

(iii) Electronic Delivery (subsection 3.4) The Bank may permit the Borrower to electronically deliver to the Bank Applications (with supporting documents) through the Bank’s Client Connection, web-based portal. The option to deliver Applications to the Bank by electronic means may be effected if: (a) the Borrower has designated in writing, pursuant to the terms of subparagraph (i) of this Section, its officials who are authorized to sign and deliver Applications and to receive secure identification devices ("Tokens") from the Bank for the purpose of delivering such Applications by electronic means; and (b) all such officials designated by the Borrower have registered as users of Client Connection. If the Bank agrees, the Bank will provide the Borrower with Tokens for the designated officials. Following which, the designated officials may deliver Applications electronically by completing Form 2380, which is accessible through Client Connection (https://clientconnection.worldbank.org). The Borrower may continue to exercise the option of preparing and delivering Applications in paper form. The Bank reserves the right and may, in its sole discretion, temporarily or permanently disallow the electronic delivery of Applications by the Borrower.
(iv) Terms and Conditions of Use of Tokens to Process Applications. By designating officials to accept Tokens and by choosing to deliver the Applications electronically, the Borrower confirms through the authorized signatory letter its agreement to: (a) abide by the Terms and Conditions of Use of Secure Identification Devices in connection with Use of Electronic Means to Process Applications and Supporting Documentation (“Terms and Conditions of Use of Tokens”) provided in Attachment 5; and (b) to deliver the Terms and Conditions of Use of Tokens to each such official and to cause such official to abide by those terms and conditions.

(v) Minimum Value of Applications (subsection 3.5). The Minimum Value of Applications for Direct Payments, Reimbursement and Special Commitments is Euro 1,200,000.

(vi) Advances (sections 5 and 6).

- **Type of Designated Account (subsection 5.3):** Segregated
- **Currency of Designated Account (subsection 5.4):** EURO
- **Financial Institution at which the Designated Account[s] Will Be Opened (subsection 5.5):** Bank of Albania
- **Ceiling (subsection 6.1):** Euro 6,000,000.

III. Reporting on Use of Loan Proceeds

(i) Supporting Documentation (section 4). Supporting documentation should be provided with each application for withdrawal as set out below:

- **For requests for Reimbursement and for Reporting Eligible Expenditures Paid from the Designated Account:**
  - List of payments against contracts that are subject to the Bank’s prior review, in the form attached (Attachment 4)
  - Records (Attachment 3A) evidencing eligible expenditures (e.g. copies of receipts, supplier invoices) for payments for works against contracts valued at Euro 500,000 equivalent or more; for goods against contracts valued at Euro 150,000 equivalent or more; for consultants’ services against contracts valued at Euro 75,000 equivalent or more for firms and at Euro 35,000 equivalent or more for individual consultants and non-consultants’ services.
  - Statement of Expenditure in the form attached (Attachment 3B) for all other payments, including Operating Costs.
  - A Designated Account activity reconciliation statement (Attachment 6) and Bank Statement should be submitted with each withdrawal application reporting on the use of Loan proceeds paid from the Designated Account.
• **For requests for Direct Payment:** records evidencing eligible expenditures, e.g., copies of receipts, supplier invoices

(ii) **Frequency of Reporting Eligible Expenditures Paid from the Designated Account**
(subsection 6.3): quarterly

IV. Other Important Information


From the Client Connection website, you will be able to prepare and deliver Applications, monitor the near real-time status of the Loan, and retrieve related policy, financial, and procurement information.

If you have not already done so, the Bank recommends that you register as a user of the Client Connection website (https://clientconnection.worldbank.org). From this website you will be able to prepare and deliver Applications, monitor the near real-time status of the Loan, and retrieve related policy, financial, and procurement information. All Borrower officials authorized to sign and deliver Applications by electronic means are required to register with Client Connection before electronic delivery can be effected. For more information about the website and registration arrangements, please contact the Bank by email at <clientconnection@worldbank.org>.

If you have any queries in relation to the above, please contact Jose Janeiro, Senior Finance Officer at jjaneiro@worldbank.org using the above reference.

Yours sincerely,

Jose C. Janeiro
Senior Finance Officer
Loan Department

Attachments 1 to 5 remain valid as provided under the original Disbursement Letter
Attachment 6. “Designated Account Reconciliation Statement” is included.
DESIGNATED ACCOUNT RECONCILIATION STATEMENT

LOAN/CREDIT/PPF/COFINANCIER NUMBER ________________
ACCOUNT NUMBER ________________ WITH (BANK) __________________

1. TOTAL ADVANCED BY WORLD BANK (OR COFINANCIER) $ ________________

2. LESS: TOTAL AMOUNT RECOVERED BY WORLD BANK - $ ________________

3. EQUALS PRESENT OUTSTANDING AMOUNT ADVANCED TO THE SPECIAL ACCOUNT (NUMBER 1 LESS NUMBER 2) = $ ________________

4. BALANCE OF SPECIAL ACCOUNT PER ATTACHED BANK STATEMENT AS OF DATE ________________ $ ________________

5. PLUS: TOTAL AMOUNT CLAIMED IN THIS APPLICATION NO. ________________ + $ ________________ *

6. PLUS: TOTAL AMOUNT WITHDRAWN AND NOT YET CLAIMED REASON: _____________________________ + $ ________________ *

7. PLUS: AMOUNTS CLAIMED IN PREVIOUS APPLICATIONS NOT YET CREDITED AT DATE OF BANK STATEMENTS
   
   APPLICATION NO. | AMOUNT *
   ----------------|--------------
   __________________ | __________
   __________________ | __________
   SUBTOTAL OF PREVIOUS APPLICATIONS NOT YET CREDITED + $ ________________

8. MINUS: INTEREST EARNED - $ ________________ *

9. TOTAL ADVANCE ACCOUNTED FOR (NO. 4 THROUGH NO. 9) = $ ________________

10. EXPLANATION OF ANY DIFFERENCE BETWEEN THE TOTALS APPEARING ON LINES 3 AND 9: ____________________________

11. DATE: ___________________________ SIGNATURE: ___________________________

    TITLE: ___________________________