October 7, 2015

H.E. Shkëlqim Cani
Minister of Finance
Ministry of Finance
Boulevard Deshmoret E. Kombit
Tirana, Albania

Re: Albania Capacity Building Support to Implement the Integrated Planning System (IPS) 2
Grant No. TF013972
Amendment No. 1 to the Grant Agreement

Excellency:

We refer to the grant agreement dated March 7, 2013 ("Agreement") between Albania ("Recipient") and the International Bank for Reconstruction and Development and the International Development Association ("World Bank") for the above-mentioned grant ("Grant").

We are pleased to acknowledge, on behalf of the World Bank, the intention of the European Union ("Donor") to extend a contribution to the Grant in an amount of one million one hundred thousand euros (€1,100,000) (the "Contribution"). In view of investment income earned and foreign exchange fluctuation since the time of the Contribution, the amount of the Contribution shall be instead one million one hundred thousand eight hundred and ten euros (€1,100,810).

In view of the above and our recent discussions, the World Bank proposes to amend the Agreement to: (a) increase the amount of the Grant by an additional one million one hundred thousand eight hundred and ten euros (€1,100,810); (b) update the Project description; and (c) update some expenditure category definitions.

Accordingly, the Agreement is amended as follows:

1. Paragraph 1 of the Agreement is hereby amended and replaced in its entirety to read as follows:

"In response to the request for financial assistance made on behalf of Albania ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development/International Development Association ("World Bank"), acting as administrator of grant funds provided by various donors ("Donors" means Austrian Development Agency, Swedish International Development Cooperation Agency, Swiss Agency for Development and Cooperation and European Union) under the Albania Second Multi-Donor Trust Fund for Capacity Building Support to Implement the Integrated Planning System ("IPS") (TF071824), proposes to extend to the Recipient, a grant in an amount not to exceed three million eight-hundred fifteen thousand one-hundred and seven Euros (€3,815,107) ("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")."
2. Paragraph 1.02 of the Agreement is hereby amended and replaced in its entirety 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.

"CFCU” means Central Finance and Contracting Unit.
"PFM” means Public Financial Management.
"PEFA” means Public Expenditure and Financial Assessment.
"PDO” means Project Development Objective.
"IPS” means Integrated Planning System.
"AFMIS” means the Albania Financial Management Information System.”

3. Part Three of paragraph 2.01 of the Agreement is hereby amended and replaced in its entirety to read as follows:

"Part Three: Developing IPS Management Information Systems: this component will finance the preparation of an IT Modernization Strategy, and the development of AFMIS.”

4. Paragraph 3.01 of the Agreement is hereby amended and replaced in its entirety to read as follows:

"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 Euros)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, consultants’ services, Training and Incremental Operating Costs under the Project</td>
<td>3,815,107</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>3,815,107</td>
<td></td>
</tr>
</tbody>
</table>
For the purposes of this paragraph, the term:

(i) "Incremental Operating Costs" means the reasonable costs, for the incremental expenses incurred on account of Project implementation, consisting of consumables, vehicle rental, operation and maintenance, communication costs, banking charges, travel cost and per diem for Project staff for travel linked to the implementation of the Project, printing services and translation, excluding consultants' services and salaries of officials of the Recipient's civil service; and

(ii) "Training" means the reasonable costs, as shall have been approved by the World Bank, for training and workshops conducted under the Project, including tuition, travel and subsistence costs for training and workshop participants, costs associated with securing the services of trainers and workshop speakers, rental of training and workshop materials, and other costs directly related to training course and workshop preparation and implementation (but excluding goods and consultants' services).

All other terms and conditions of the Agreement, except as amended herein, remain in full force and effect.

Please confirm your agreement with the foregoing amendment by signing and dating this letter in the space provided below. This amendment letter shall be executed in two counterparts each of which shall be an original and one of which shall be returned to us. The provisions set forth in this amendment letter will become effective as of the date of notification by the Recipient to the World Bank of completion of its internal procedures.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Tahseen Sayed
Country Manager
The World Bank Office - ALBANIA

AGREED:
REPUBLIC OF ALBANIA

By:
Authorized Representative

Name: Shkelqim Cani
Title: MINISTER OF FINANCE
Date: 28/12/2015