March 19, 2018

H.E. Arben Ahmetaj
Minister
Ministry of Finance and Economy
“Deshmoret e Kombit” Boulevard, No. 3
Tirana, ALBANIA

Re: IBRD Loan No. 8211-AL and IBRD Loan No.8817 AF-AL
(Water Resources and Irrigation Project and
Additional Financing for the Water Resources and Irrigation Project)
Additional Instructions: Disbursement and Financial Information Letter (DIFL)

Excellency:

I refer to the Loan Agreement (“Agreement”) between the International Bank for Reconstruction and Development (“World Bank”), and the Republic of Albania (the “Recipient”) for the above-referenced project, dated September 14, 2012. The General Conditions, as defined in the Loan Agreement, provide that the Borrower may from time to time request withdrawals of Loan Amounts from the Loan Account in accordance with the Disbursement and Financial Information Letter, and such additional instructions as the Bank may specify from time to time by notice to the Borrower. This version of the DIFL applies to both the original operation and the additional financing and supersedes the previous Disbursement Letter and subsequent amendments dated December 14, 2012, and March 13, 2015. The General Conditions also provide that the Disbursement and Financial Information Letter may specify Project specific financial reporting requirements.

I. Disbursement Arrangements, Withdrawal and Reporting of Loan Proceeds


(i) Disbursement Arrangements

- **Instructions** (Schedule 1). The table provides the disbursement methods which may be used by the Borrower, information on registration of authorized signatures, processing of withdrawal applications (including minimum value of applications and processing of advances), instructions on supporting documentation, and frequency of reporting on the Designated Account.
- **Disbursement Deadline Date, DDD (subsection 3.7).** The DDD is four (4) months after the Closing Date. Any changes to this date will be notified by the Bank.

(ii) Electronic Delivery. Refer to section 10.01 (c) of the General Conditions.

The Bank may permit the Borrower to electronically deliver applications (with supporting documents) through the Bank’s web-based portal (https://clientconnection.worldbank.org) “Client Connection”. This option may be effected if the officials designated in writing by the Borrower who are authorized to sign and deliver Applications have registered as users of “Client Connection”. The designated officials may deliver
Applications electronically by completing the Form 2380, which is accessible through “Client Connection”. By signing the Authorized Signatory Letter, the Borrower confirms that it is authorizing such persons to accept Secure Identification Credentials (SIDC) and to deliver the Applications and supporting documents to the Bank by electronic means. 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. By designating officials to use SIDC 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 Credentials in connection with Use of Electronic Means to Process Applications and Supporting Documentation, available in the Bank’s public website at https://worldbank.org and “Client Connection”; and (b) to cause such official to abide by those terms and conditions.

II. Financial Reports and Audits

(i) Financial Reports. The Borrower shall prepare and furnish to the Bank not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports (“IFR”) for the Project covering the quarter.

(ii) Audits. The Borrower shall have the Project’s Financial Statements audited in accordance with the provisions of Section 5.09(b) of the General Conditions. Each audit shall cover the period of one fiscal year of the Borrower. For each such period, the audited Financial Statements for the Project shall be (a) furnished to the Bank not later than six (6) months after the end of such period; and (b) made publicly available in a timely fashion and in a manner acceptable to the Bank.

III. Other Information

For additional information on disbursement arrangements, please refer to the Loan Handbook available on the Bank’s public website and “Client Connection”. The Bank recommends that you register as a user of “Client Connection”. 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. 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 Luis Schwarz Senior Finance Officer at lschwarz@worldbank.org, with copy to Darjan Dragicevic, Finance Analyst at ddragicevic@worldbank.org using the above reference.

Yours sincerely,

Maryam Salim
Country Manager
Republic of Albania
Attachments

1. Form of Authorized Signatory Letter
2. Statement of Expenditure (SOEs)

Cc with copies:  Ministry of Finance and Economy
                “Deshmoret e Kombit” Boulevard, No. 3
                Tirana, ALBANIA

                Ministry of Agriculture and Rural Development
                “Deshmoret e Kombit” Boulevard, No. 2
                Tirana, ALBANIA
## Schedule 1: Disbursement Arrangements

<table>
<thead>
<tr>
<th>Loan Numbers</th>
<th>Country</th>
<th>Borrower</th>
<th>Name of the Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>IBRD #8211</td>
<td>Albania</td>
<td>Republic of Albania</td>
<td>Water Resources and Irrigation Project and Additional Financing for the Water Resources and Irrigation Project</td>
</tr>
<tr>
<td>IBRD #8817</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Disbursement Methods

<table>
<thead>
<tr>
<th>Section 2</th>
<th>Methods Available</th>
<th>Supporting Documentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Payment</td>
<td>Yes</td>
<td>Copy of Records</td>
</tr>
<tr>
<td>Reimbursement</td>
<td>Yes</td>
<td>Statement of Expenditures</td>
</tr>
<tr>
<td>Designated Account</td>
<td>Yes</td>
<td>Statement of Expenditures</td>
</tr>
<tr>
<td>Special Commitments</td>
<td>Yes</td>
<td>Copy of Letter of Credit</td>
</tr>
</tbody>
</table>

### Type
- Pooled using the existing DA for IBRD Loan # 8211 for Loan # 8817

### Financial Institution - Name
- Bank of Albania (Central Bank)

### Frequency of Reporting, Subsection 6.3
- Same as IFRs: Quarterly

<table>
<thead>
<tr>
<th>Ceiling</th>
<th>Currency</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed</td>
<td>EUR</td>
<td>Euros 3,000,000</td>
</tr>
</tbody>
</table>

The Minimum Value of Applications for Reimbursement and Direct Payments is EUR 200,000.

---

The World Bank  
Radnicka cesta 80/IX  
10000 Zagreb, Croatia  
Attention: Loan Department

None

Eligible expenditures will be submitted to the Bank exclusive of taxes. Implementation Agency will ensure that invoices supporting payments for eligible expenditures will not include VAT nor any other taxes.

The use of a pooled Designated Account from the two sources of funds requires the sequencing in the use of funds by financing instrument, IBRD# 8211 first category (1-b) and IBRD# 8817 subsequently for category (1). The original loan will continue covering incremental operating expenditures under Category (2) over the entire project period. In summary: A) eligible expenditures already financed under category (1-b) of the original loan IBRD# 8211, will continue to be covered under category (1) of the Additional Financing loan IBRD# 8817, once the funds from IBRD# 8211 under category (1-b) would be completely exhausted; B) All new flow of funds related to payments for contracts signed after effectiveness date of the Additional Financing loan IBRD# 8817, would be applied to the original loan IBRD# 8211 until it is completely exhausted.
The World Bank  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Attention: Country Director

Re: IBRD Loan No. 8211-AL and IBRD Loan No. 8817 AF-AL  
(Water Resources and Irrigation Project and  
Additional Financing for the Water Resources and Irrigation Project)  
Additional Instructions: Disbursement and Financial Information Letter (DFIL)

I refer to the Loan Agreement ("Agreement") between the International Bank for Reconstruction and Development ("World Bank"), and the Republic of Albania (the "Recipient") for the above-referenced project, dated ________, providing the above Loan. For the purposes of Section 2.02 of the General Conditions as defined in the Agreement, any [one] of the persons whose authenticated specimen signatures appear below is authorized on behalf of the Borrower to sign applications for withdrawal [and applications for a special commitment] under this Loan.

For the purpose of delivering Applications to the Bank, including by electronic means, [each] of the persons whose authenticated specimen signatures appears below is authorized on behalf of the Borrower, acting [individually] [jointly], to deliver Applications, and evidence in support thereof on the terms and conditions specified by the Bank.

1 Instruction to the Borrower: Stipulate if more than one person needs to sign Applications, and how many or which positions, and if any thresholds apply. Please delete this footnote in final letter that is sent to the Bank.

2 Instruction to the Borrower: Stipulate if more than one person needs to jointly sign Applications, if so, please indicate the actual number. Please delete this footnote in final letter that is sent to the Bank.

3 Instruction to the Borrower: Use this bracket if any one of the authorized persons may sign; if this is not applicable, please delete. Please delete this footnote in final letter that is sent to the Bank.

4 Instruction to the Borrower: Use this bracket only if several individuals must jointly sign each Application; if this is not applicable, please delete. Please delete this footnote in final letter that is sent to the Bank.
This Authorization replaces and supersedes any Authorization currently in the Bank records with respect to this Agreement.

[Name], [position]  Specimen Signature: _________________

[Name], [position]  Specimen Signature: _________________

[Name], [position]  Specimen Signature: _________________

Yours truly,

/ signed /

[Position]
Statement of Expenditures (SOE)

Payments made during the period from ____________ to ____________

For expenditures against the contracts not subject to the Bank Prior Review

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
</tr>
</thead>
<tbody>
<tr>
<td>Item No.</td>
<td>Category No. (**)</td>
<td>Currency and Total Amount of Contract</td>
<td>Currency and Total Amount of Invoice Covered by Application (Net of Retention)</td>
<td>Eligible % from Schedule 1 of Loan/Credit Agreement</td>
<td>Amount Eligible for Financing (4 x 5)</td>
<td>Currency and Amount Paid from Special Account (if Applicable)</td>
<td>Exchange Rate (Col. 7 divided by Col. 6)</td>
<td>Remarks</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

TOTALS

Supporting documents for this SOE retained at ____________________________

(insert location)

(*) A separate SOE form should be used for retroactive financing

(**) Items should be grouped by category; or alternatively, a separate SOE form may be used for each category