Mr. Ridvan Bode  
Minister of Finance  
Ministry of Finance  
Deshmoret e Kombit  
No. 4, Tirana, Albania

Re: Albania - Trust Fund for EITI Implementation Support  
Grant No. TF096009  
Implementation of the EITI in Albania Project

Excellency:

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 (“World Bank”), acting as administrator of grant funds provided by Australia, Belgium, Canada, the European Commission, Finland, France, Germany, the Netherlands, Norway, Spain, the United Kingdom, and the United States of America (“Donor(s)”) to the Extractive Industries Transparency Initiative (EITI) Implementation Support Facility, proposes to extend to the Recipient a grant in an amount not to exceed two hundred and seventy five thousand United State Dollars (U.S.$ 275,000) (“Grant”) from the Trust Fund for EITI Implementation Support 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. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the Recipient may withdraw the Grant proceeds 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 to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within ninety (90) days after the date of signature of this Agreement by the World Bank, unless the World Bank shall have established a later date for such purpose.
Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By /s/ Jane Armitage
Country Director for Western Balkans
Europe and Central Asia Region

AGREED:

ALBANIA

By: /s/ Mr. Ridvan Bode
Minister of Finance

Date: August 9, 2010

Enclosures:


(2) Disbursement Letter dated February 1, 2010, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
Article I

Standard Conditions; Definitions


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.

“Multi-Stakeholder Working Group” or “MSWG” means a group comprised of representatives from the Recipient’s government, mining companies and the civil society, and set up by the Recipient as a forum where all decisions regarding the EITI process will be discussed and agreed upon.

Article II

Project Execution

2.01. Project Objectives and Description. The objective of the Project is to help the Recipient to implement the Extractive Industries Transparency Initiative (“EITI”) in order to reach the EITI validation. The Project consists of the following parts:

Part A. Capacity Building and Training

Provision of support for building the capacity of the Recipient’s government, the extractive industry and the civil society, including NGOs, the media, parliamentarians and representatives of the MSWG, by: (i) providing training on extractive industry management; and (ii) sponsoring study tours for selected individuals to international conferences, events and countries where EITI implementation is at an advanced stage and/or is generating a substantial benefit to the country.

Part B. Communication and Outreach

Provision of support for the EITI Secretariat to disseminate and publish information on the EITI implementation process via various media in order to inform the public.

Part C. Legal Reviews and Studies

Conduct a review on the appropriateness of the Recipient’s legal framework to foster EITI implementation.

Part D. Production and Dissemination of EITI Report

Preparation and dissemination of the first EITI report. This includes hiring of an international audit company to prepare the EITI report.
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 its Ministry of Economy, Trade and Energy (“METE”), 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 (“Anti-Corruption Guidelines”); and (c) this Article II.

2.03. **Institutional and Other Arrangements.** (a) The METE shall set up an EITI Secretariat within itself in the 1st calendar quarter of 2010 that will be responsible for coordinating the Project activities and its day to day operations. The head of the EITI Secretariat shall be the National EITI Coordinator, the Director of Industrial Policy of the METE. At all times throughout the Project implementation, the Recipient shall provide the EITI Secretariat with office space, necessary office equipment and supplies, and cover all utilities.

(b) The Recipient will and must 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.** The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donors’ support for the Project.

2.05. **Project Monitoring, Reporting and Evaluation.** (a) The Recipient shall 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 indicators set forth in Attachment to this Annex. Each Project Report shall cover the period of one calendar quarter, 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 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 (6) months after the Closing Date. In order to assist the Recipient in preparing the Completion Report, the Recipient shall employ consultants whose qualifications, experience and terms of reference are acceptable to the World Bank.

2.06. **Financial Management.** (a) The Recipient shall 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 ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank as part of the Project Report not later than one month after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall, upon the World Bank’s request, have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Such audit of the Financial Statements shall cover the entire period during which withdrawals from the Grant Account were made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

2.07. **Procurement**
(a) **General.** All goods and 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) "Guidelines: Procurement under IBRD Loans and IDA Credits" published by the World Bank in May 2004 and revised in October 2006 ("Procurement Guidelines"), in the case of goods and services other than consultants’ 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 the Procurement Guidelines, or the Consultant Guidelines, as the case may be.

(c) **Particular Methods of Procurement of Goods.** Goods and services other than consultants’ services shall be procured under contracts awarded on the basis of Shopping and Direct Contracting (DC). DC may be used, subject to the Bank’s prior approval, for procurement of goods and services other than consultants’ services which meet the requirements for DC referred to in paragraph 3.6 of the Procurement Guidelines.

(d) **Particular Methods of Procurement of Consultants’ Services.** The following methods may be used for the procurement of consultants’ services for those assignments which the World Bank agrees meet the requirements set forth in the Consultant Guidelines for their use: (i) Selection under Fixed Budget; (ii) Least-Cost Selection; (iii) Selection based on Consultants’ Qualifications; (iv) Single-Source Selection; and (v) Selection of Individual Consultants.

(e) **Review by the World Bank of Procurement Decisions.** Except as the World Bank shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the World Bank: (i) the first contract to be awarded in accordance with each procurement or consultant selection method; (ii) terms of reference for each contract for consultants’ services; and (iii) each contract for consultants’ services with a firm or an individual consultant, estimated to cost the equivalent of $100,000 and $50,000 or more, respectively. All other contracts shall be subject to Post Review by the World Bank.

### 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:
For the purposes of this Section:

(a) the term ‘Training’ means training courses, workshops, and study tours conducted under the Project, including purchase and publication of materials, rental of facilities and equipment, travel expenditures and subsistence of trainees; and

(b) the term ‘Operating Costs’ means incremental operating costs incurred by the Recipient on account of the Project implementation, management and monitoring, including banking charges, salaries of EITI Secretariat staff, and other miscellaneous costs directly associate with the Project and acceptable to the World Bank.

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 countersignature of this Agreement by the Recipient.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 31, 2011.

### 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 Mr. Ridvan Bode, 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  
Deshmoret e Kombit  
No. 4, Tirana, Albania
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

Cable: INTBAFRAD
Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: 1-202-477-6391

Cable: Telex: Facsimile:
<table>
<thead>
<tr>
<th>Performance Indicator</th>
<th>Indicative Date of delivery (Calendar Year/Quarter)</th>
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<tbody>
<tr>
<td><strong>ESTABLISH EITI SECRETARIAT and SET-UP EITI -- and OPERATIONAL SUPPORT TO SECRETARIAT</strong></td>
<td></td>
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<tr>
<td>Establishment of the EITI Secretariat in properly equipped offices with required equipment (provisions included in MDTF Grant)</td>
<td>2010 / Quarter 1</td>
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<tr>
<td>All required Secretariat personnel / consultants recruited</td>
<td>2010 / Quarter 1</td>
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<tr>
<td>Completion and Discussion of study on transfer pricing issues in the mineral industry of Albania</td>
<td>2010 / Quarter 1</td>
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<tr>
<td>Agreed counterpart funds from Government for EITI implementation budgeted and released (esp. for validation – see below)</td>
<td>2010 / Quarter 1</td>
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<tr>
<td><strong>REVIEW OF LEGAL FRAMEWORK</strong></td>
<td></td>
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<tr>
<td>Review of the legal framework to identify potential obstacles for EITI implementation conducted</td>
<td>2010 / Quarter 1</td>
</tr>
<tr>
<td><strong>CAPACITY BUILDING &amp; TRAINING</strong></td>
<td></td>
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<tr>
<td>Design of capacity building events for working group members completed</td>
<td>2010 / Quarter 1</td>
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<tr>
<td>TORs drafted / vendor procured</td>
<td>2010 / Quarter 2</td>
</tr>
<tr>
<td>i) Delivery of training to CSOs</td>
<td>Throughout 2010 and 2011</td>
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<td>ii) Delivery of training to government</td>
<td>Throughout 2010 and 2011</td>
</tr>
<tr>
<td>iii) Delivery of training to MSWG members</td>
<td>Throughout 2010 and 2011</td>
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<tr>
<td><strong>OUTREACH AND PUBLIC RELATIONS</strong></td>
<td></td>
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<tr>
<td>Communications and outreach strategy completed and agreed upon</td>
<td>2010 Quarter 3</td>
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<tr>
<td>Number of agreed outreach activities conducted</td>
<td></td>
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<tr>
<td>i) TV and radio presentations</td>
<td>Throughout 2010 and 2011</td>
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<tr>
<td>ii) Print media releases</td>
<td>Throughout 2010 and 2011</td>
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<tr>
<td>iii) Distribution of brochures etc.</td>
<td>Throughout 2010 and 2011</td>
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<tr>
<td>iv) Workshops in mining regions</td>
<td>Throughout 2010 and 2011</td>
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<tr>
<td><strong>EITI REPORT PREPARATION AND PRODUCTION</strong></td>
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<tr>
<td>Design of EITI reporting template completed</td>
<td>2009 Quarter 4</td>
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<td>TOR for reconciliation firm completed</td>
<td>2010 Quarter 3</td>
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<tr>
<td>Vendor selected</td>
<td>2010 Quarter 3</td>
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<tr>
<td>EITI Report completed and publicly disseminated including recommendations for improvement</td>
<td>2010 Quarter 4</td>
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<tr>
<td>Disseminate EITI Report findings widely using various media / meetings / workshops – under Comms. Plan</td>
<td>2010 Quarter 4</td>
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<thead>
<tr>
<th><strong>VALIDATION AND EITI FOLLOW-UP</strong></th>
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<tr>
<td>Design TOR for validation – including holding related self-assessment workshops</td>
<td>2011 Quarter 2</td>
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<tr>
<td>Undergo validation (government expense)</td>
<td>2011 Quarter 2</td>
</tr>
<tr>
<td>Develop EITI Results and Monitoring and Evaluation System - to facilitate learning and improvement of national EITI process (Validation indicator #20)</td>
<td>2011 Quarter 3</td>
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