October 30, 2013

H.E. Shkelqim Cani
Minister of Finance
Ministry of Finance
Deshmoret e Kombit
No. 4, Tirana
ALBANIA

Re: Albania – Multi-Donor Trust Fund for Extractive Industry Transparency Initiative
Post-Compliance Grant I
Grant No. TF014999

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, Denmark, European Union represented by the European Commission, Finland, France, Germany, Japan, the Netherlands, Norway, Spain, Switzerland, the United Kingdom and the United States (the “Donors”), under the Multi-Donor Trust Fund for Extractive Industry Transparency Initiative (EITI) Implementation Support Facility, proposes to extend to the Recipient a grant in an amount not to exceed three hundred thousand United States Dollars (US$300,000) (“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”).

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donors. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donors under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is 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 the Agreement, and returning it to the World Bank. Upon receipt 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effective as of the date of the countersignature; provided however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of the Agreement and the respective notification within ninety (90) days after the date of the signature of this Agreement by the World Bank, unless the World Bank and the Recipient shall have established a later date for such purpose.

Very truly yours,
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

[Signature]
Ellen Goldstein
Country Director for Western Balkans
Europe and Central Asia Region

AGREED:
ALBANIA

By ______________________
Authorized Representative
Name: SHKFLEH LONI
Title: MINISTER OF FINANCE
Date: 11. 2. 2014

Enclosures:
(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
(3) Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011
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.

“EITI” means Extractive Industry Transparency Initiative.

“MEI” means the Ministry of Energy and Industry.

“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.

“Producer Regions” are regions where minerals or oils are extracted.

Article II
Project Execution

2.01. **Project Objectives and Description.** The objectives of the Project are to support Albania’s post-EITI compliance goals of: (i) strengthening EITI’s role of producing and disseminating critical information to citizens, specifically to those living in producer regions, including extending the scope of the current EITI process by enhancing the coverage of EITI reports to sub-national level; and (ii) supporting the country’s goals of building on EITI to improve the overall management and governance in extractive industries. The Project consists of the following parts:

**Part A. Communication and Outreach, including the initiation of a Mapping Exercise**

Provision of consultants’ services for expansion of the communication strategy to the local populace, and development of a mapping exercise, to include collection of data in two pilot regions.
Part B. Technical Training and Improving Capacity and Sector Understanding

Provision of consultants’ services to deliver training in the producer regions to local stakeholders, including, *inter alia*, civil society organizations, parliamentary representatives, local governments, journalists, activists.

Part C: Enhancing the Scope of EITI Reporting

Provision of consultants’ services and workshops to enhance EITI reporting.

Part D: Increasing the strategic relevance of EITI by benchmarking EITI Report figures with possible sector potential

Provision of consultants’ services to provide the MSWG with data and models on sector performance.

Part E: Operational Support

Provision of Training of the EITI Secretariat key staff.

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 the MEI, 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 and revised in January 2011 (“Anti-Corruption Guidelines”); and (c) this Article II.

2.03. Institutional and Other Arrangements.

(a) The MEI shall maintain at all times during implementation of the Project, the EITI Secretariat within the MEI that will be responsible for coordinating the Project activities and its day to day operations. 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 shall 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 and Visit. 

(a) The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donor’s support for the Project.
For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request, take all measures required on its part to enable the representatives of the Donor(s) to visit any part of the Recipient’s territory for purposes related to 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 acceptable to the World Bank, see Annex 1. Each Project Report shall cover the period of one calendar semester, 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 months after the Closing Date.

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 quarterly interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty-five (45) days 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. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each 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/or consulting services required for the Project and to be financed, fully or partially, out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

(i) Section I of the “Guidelines: Procurement of Goods and Non-Consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers”, dated January 2011 (“Procurement Guidelines”), in the case of goods; and

(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World

(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 contract 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: (A) Quality and Cost-Based Selection; (B) Selection under Fixed Budget; (C) Least-Cost Selection; (D) Selection based on Consultants’ Qualifications; (E) Single-Source Selection; and (F) 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: (a) the first two contracts to be awarded in accordance with the shopping method; (b) terms of reference for each contract for consultants’ services; (c) each contract for consultants’ services with a firm estimated to cost the equivalent of $100,000 or more; (d) each contract for consultants’ services with an individual consultant, estimated to cost the equivalent of $50,000 or more; and (e) all contracts under direct contracting or single source selection methods. 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) Article III of 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 USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods, Consultants’ Services, Training and Operating Costs</td>
<td>300,000</td>
<td>100%</td>
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<tr>
<td>TOTAL AMOUNT</td>
<td>300,000</td>
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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.

(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 associated 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 June 30, 2015.

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 the Minister of Finance.

4.02. Recipient’s Address. The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

H.E. Shkelqim Cani
Minister of Finance
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/International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America
Facsimile: 1-202-477-6391
## Results Indicators and Monitoring and Evaluation

<table>
<thead>
<tr>
<th>Key Performance Indicators</th>
<th>Indicative Date of Delivery</th>
</tr>
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<tbody>
<tr>
<td><strong>3rd EITI Report with disaggregated data</strong></td>
<td>The 3rd EITI report will cover data from 2011, presented in a disaggregated way. Depending on the results of the scoping workshop, it may also include subnational distribution of revenues. The report will be available Q4-2013.</td>
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<tr>
<td><strong>Production and dissemination of 3rd EITI Report</strong></td>
<td></td>
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<tr>
<td><strong>Delivery of Revenue Potential Study</strong></td>
<td>Drafting of the study Q2-2014. Public workshops Q4-2014.</td>
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<tr>
<td>A study that investigates into the revenue potential of Albania’s extractive industries with reference on constraints and good practice case studies will be drafted, publicly discussed and disseminated</td>
<td></td>
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<tr>
<td><strong>Delivery of Technical Training</strong></td>
<td>Technical EITI issues that are of regional/local interest will be conducted for various stakeholders, including CSOs and parliamentarians to take place in different producer regions. A total of four workshops will be delivered in Q1-2014, Q3-2014, Q4-2014 and Q1-2015.</td>
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<tr>
<td>EI sector specific training will be delivered through workshops for various stakeholders</td>
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<tr>
<td><strong>Communication and Outreach</strong></td>
<td>Three sector specific workshops held in two mining regions (Q1-2014 and Q2-2014) and the main oil producing region (Q3-2014). Dissemination of EITI relevant information with a specific regional focus.</td>
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<tr>
<td>Regional workshops conducted for local stakeholders to assess training needs</td>
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<tr>
<td>Continuation of the Communication Strategy</td>
<td>context and supported through trained journalists. Regional-specific communication strategy ready by Q1-2014, and implemented throughout the grant period.</td>
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<td>------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------</td>
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<tr>
<td>TORs for Mapping Exercise and Extractive Industries Information Center</td>
<td>The demand for data will be assessed in two regional workshops, which will be held in Q1 and Q2-2014. TORs to be completed Q2-2014.</td>
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