H. E. Radvan Bode
Minister of Finance
Bulevardi "Deshmoret e Kombit"
Tirana, Albania

Re: Energy Community of South East Europe Program – Dam Safety Project
(Credit No. 4480 – ALB)
Amendments to the Financing Agreement

Excellency:

We refer to: (a) the Financing Agreement, dated July 2, 2008, between Albania ("Recipient") and the International Development Association ("Association") ("Financing Agreement"); and (b) the Project Agreement, dated July 2, 2008, between the Association and Albanian Power Corporation ("KESH") ("Project Agreement"), both for the above-referenced Project. We refer also to the Association aide memoirs for the May 26-June 9, 2010, November 3-12, 2010, January 24-28, 2011, and May 2-13, 2011, supervision missions which, among other things, reflected the necessity to restructure the Project in light of its delayed implementation and finalized design.

After due consideration, the Association agrees that the Project be restructured to reflect the updated implementation schedule and hereby amends the Financing Agreement as follows:

1. Section 4.02 is amended to read as follows:

"4.02. The Co-financing Deadline for the effectiveness of the EBRD Co-financing Agreement is July 1, 2012 and for the SECO Co-financing Agreement is May 24, 2011. The Association may suspend the right of the Recipient to make withdrawals from the Financing Account in accordance with the provisions in Article VI of the General Conditions if the EBRD Co-financing Agreement or the SECO Co-financing Agreement has failed to become effective by the Co-financing Deadline, provided, however, that the Recipient has failed to establish to the satisfaction of the Association that adequate funds for the Project are available from other sources on terms and conditions consistent with the Recipient's obligations under this Financing Agreement."

2. Paragraph 3 of Part 1 of Schedule 1 is amended by deleting sub-paragraph (c) and the amended paragraph 3 now reads as follows:

"Part 1: Dam Safety Infrastructure Investments

....

3. Provision of goods, works and services for dam remedial measures of medium priority and operational improvements, including: (a) the general rehabilitation of two spillways and the modification of the outlet of one spillway at Koman dam; and (b) the rehabilitation of electromechanical equipment and a control monitoring system at Koman hydropower plant."
3. Section II.A of Schedule 2 is amended to read as follows:

“For purposes of Section 4.08(c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than six months before the Closing Date.”

4. Paragraph 2 of Section IV.A of Schedule 2 is amended to read as follows:

“2. The table below specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Credit to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category. Taxes are not eligible for financing out of the proceeds of the Financing.”

5. Paragraph 2 of Section IV.B of Schedule 2 is amended to read as follows:

“2. The Closing Date is December 30, 2016.”

6. The definition in paragraph 6 of the Appendix to the Schedule is amended to read as follows:

“6. EBRD Co-financing Agreement” means the agreement to be entered into between the Project Implementing Entity and the European Bank for Reconstruction and Development providing for an amount of Euro 12,700,000 to be provided by the European Bank for Reconstruction and Development to assist in financing the Project.”

Except as specifically amended herein, all other provisions of the Financing Agreement remain in full force and effect.

Please confirm your agreement to the foregoing by countersigning both copies of this amendment letter and returning one of the countersigned copies to us. This amendment letter will become effective upon receipt by the Association of: (i) the copy of this amendment letter countersigned by the authorized representative of the Borrower; and (ii) the copy of the letter of amendment to the Project Agreement duly countersigned by KESH.

Sincerely,

By

Anthony Gaeta
Acting Country Director and Regional Coordinator
for Southeast Europe
Europe and Central Asia Region

AGREED:
ALBANIA

By: ________________________________

Authorized Representative

Name: ________________________________

Title: ________________________________

Date: ________________________________