H.E. Ridvan Bode  
Minister  
Ministry of Finance  
Tirana, Albania  

Dear Mr. Minister,

Re: Swedish Grant for Co-financing of the  
Albania Land Administration and Management Project  
Grant No. TF012392

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 Sweden, represented by Swedish International Development Cooperation Agency (SIDA) ("Donor"), proposes to extend to the Recipient a grant in an amount not to exceed eighteen million seven hundred eleven thousand Swedish Kroner (SEK 18,711,000) ("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 Part I.A of the project described in the Annex ("Project"). These funds are part of an earlier commitment of co-financing by SIDA to the subject Project and are being made available at this time due to the Project’s full commitment of the financing provided under Trust Fund TF071364 Successor to TF073762.

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donor. 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 Donor 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 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effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within 30 days after the date of signature of this Agreement by the World Bank,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 [Signature]
Lorena Kostallari
Acting Country Manager
The World Bank, Tirana Office

AGREED:
ALBANIA

By: [Signature]
Authorized Representative
Name: [Name]
Title: MINISTER OF FINANCE
Date: 18 December 2012

Enclosures:

(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated February 15, 2012 ("Standard Conditions") constitute an integral part of this Agreement.

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:

(a) "Environmental Policy Framework" means the framework adopted by the Recipient on September 1, 2006, satisfactory to the World Bank, consisting of the set of mitigation, monitoring, and institutional measures to be taken to eliminate adverse environmental and social impacts, as well as impacts on cultural heritage, offset them, or reduce them to acceptable levels, as well as actions needed to implement the measures.

(b) "Financial Management Manual" means the document adopted by the Recipient and satisfactory to the World Bank, setting forth the rules and regulations for financial management of the Project, as the same may be amended from time to time with the agreement of the World Bank.

(c) "Immovable Property Registration Office" or "IPRO" means the Recipient’s Immovable Property Registration Office.

(d) "Incremental Operating Costs" means reasonable and necessary incremental expenditures, approved by the World Bank, on the basis of annual budgets acceptable to the World Bank, incurred by the MPWT, the IPRO, and the Mol on account of Project management and monitoring, including communication costs, courier and postage costs, translation and interpretation costs, bank charges, in-country travel expenses, and other miscellaneous costs directly associated with the implementation of Project activities as may be agreed with the Bank, excluding salaries or honoraria of officials and employees of the Recipient, including the MPWT, the IPRO and the Mol.

(e) "Ministry of Interior" or "Mol" means the Recipient’s Ministry of Interior, and shall include any successor thereto.

(f) "Ministry of Public Works and Transport" or "MPWT" means the Recipient’s Ministry of Public Works and Transport, and shall include any successor thereto.

(g) "Project Operational Manual" means the document adopted by the Recipient and satisfactory to the World Bank, setting forth the rules and regulations for implementation of the Project, as the same may be amended from time to time with the agreement of the World Bank.
“Project Steering Committee” means the committee in charge of coordination of the Project activities and entities, chaired by the Minister of Justice of the Recipient or his designee, and composed of representatives of the Ministry of Finance, the Ministry of Justice, the Mol, the MPWT, the IPRO and the Executive Director of the Albanian Association of Municipalities.

“Resettlement Policy Framework” means the document prepared by the Recipient and adopted on September 1, 2006, satisfactory to the World Bank, setting forth the procedures, actions and policies for the assessment, mitigation, and monitoring of potential resettlement issues resulting from activities performed under the project, as well as specifying the circumstances when land titling cannot be supported under the Project, as the same may be modified from time to time by agreement between the Recipient and the World Bank.

“Technical Services” means expenditures for the cost of first registration, data conversion and improvement, and similar services as agreed between the Recipient and the World Bank.

“Training” means expenses incurred by the Recipient in connection with carrying out training activities, study tours and workshops under the Project, including travel costs and per diem for local trainees, trainers and workshop attendees, rental of facilities and equipment and training materials and related supplies.

**Article II**

**Project Execution**

2.01. **Project Objectives and Description.** The objective of the Project is to co-finance Part 1.A of the Land Administration and Management Project (Loan 4851 ALB and Credit 4263 ALB) which aims to (a) improving the efficiency and effectiveness of land administration and management through enhanced tenure security and improved urban planning, and (b) rebuilding physical assets and restoring essential services in flood affected areas of Albania. The Project consists of the following parts:

**Part 1**

**A. Security of Tenure and Registration of Immovable Property Rights**

1. Improvement of service delivery by the IPRO for land registration and property transaction.
2. Operational support for significantly increasing coverage of first registration of urban, peri-urban and rural immovable property, including, inter alia, public awareness and outreach campaigns, mapping and adjudication services, support for quality control.
3. Development and revision of laws and regulations necessary to support the completion of registration of immovable property, improve IPRO services and enhance the security tenure.
4. Development of a training need assessment, provision of training to IPRO staff, and establishment of a training center in the IPRO’s central office.
5. Strengthening of IPRO’s administrative, general management and Project management capacities.
B. Urban Land Management

1. Capacity building in Participating Municipalities, including, inter alia, the development of regulatory plans.
2. Development of urban land management laws.
3. Provision of training to municipal staff in land use planning and development control.
4. Strengthening of the urban Planning Department's administrative and management capacity.

C. Municipal Infrastructure

1. Implementation of address systems in Participating Municipalities.
2. Provision of training to Participating Municipalities in the areas of procurement and financial management.
3. Project management and capacity building support for the Ministry of Interior, through the provision of Incremental Operating Costs, goods and consultants' services.

D. Emergency Response to Flooding

1. Carrying out reconstruction of flood affected areas by, inter alia, rebuilding physical assets, restoring essential services (including, in water supply and sanitation) and making physical improvements (including, strengthening of flood drainage infrastructure rehabilitation of storm water collection networks).
2. Provision of technical assistance to improve flood management capacity and develop long term flood protection strategies.

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 IPRO, the MPWT, and the Mol, 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 Recipient shall carry out the Project in accordance with the Environmental Policy Framework, the Resettlement Policy Framework, the Project Operational Manual and the Financial Management Manual, and shall not amend, suspend, abrogate, repeal or waive any provision of the Environmental Policy Framework, the Resettlement Policy Framework, the Project Operational Manual or the Financial Management Manual without prior approval by the Bank.

(b) The Project Steering Committee shall be responsible for the coordination between Parts A, B and C of the project. It shall be chaired by the Minister of Justice or his designee and shall include members of the Ministry of Finance, the MPWT, the Mol, the IPRO and the Executive Director of the Albanian Association of Municipalities.

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 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. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than 45 days 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 interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than 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 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 months after the end of such period.

2.07. Procurement

(a) General. All goods and consultants' 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) Section I of the “Guidelines: Procurement of Goods, Works 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 non-consulting services;

(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Consultant Guidelines”) in the case of consultants’ services; and

(iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the
Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines ("Procurement Plan").

(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 Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

(c) Particular Methods of Procurement of Goods

(i) Except as otherwise provided in sub-paragraph (ii) below, goods shall be procured under contracts awarded on the basis of International Competitive Bidding.

(ii) The following methods, other than International Competitive Bidding, may be used for procurement of goods for those contracts which are specified in the Procurement Plan: (A) Shopping; (B) Direct Contracting; and (C) National Competitive Bidding, subject to the following additional provisions:

<table>
<thead>
<tr>
<th>Modifications needed to the National Competitive Bidding procedures to make them acceptable to the World Bank</th>
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</thead>
<tbody>
<tr>
<td>The National Competitive Bidding procedures shall be based on the Open Tendering procedures as defined in the Public Procurement Law of Albania, and the following additional provisions:</td>
</tr>
<tr>
<td>(i) &quot;Open Tendering&quot; procedures as defined in the Procurement Law of Albania shall apply to all contracts;</td>
</tr>
<tr>
<td>(ii) Foreign bidders shall not be precluded from bidding and no preference of any kind shall be given to national bidders in the bidding process. Government-owned enterprises in Albania shall be permitted to bid only if they are legally and financially autonomous and operate under commercial law of the Recipient;</td>
</tr>
<tr>
<td>(iii) Procuring entities shall use sample bidding documents approved by the World Bank;</td>
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<tr>
<td>(iv) In case of higher bid prices compared to the official estimate, all bids shall not be rejected without prior concurrence of the World Bank;</td>
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<td>(v) A single-envelope procedure shall be used for the submission of bids;</td>
</tr>
<tr>
<td>(vi) Post-qualification shall be conducted only on the lowest evaluated bidder; no bid shall be rejected at the time of bid opening on qualification grounds;</td>
</tr>
<tr>
<td>(vii) Bidders who contract as a joint venture shall be held jointly and severally liable;</td>
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<tr>
<td>(viii) Contracts shall be awarded to the lowest evaluated, substantially responsive bidder who is determined to be qualified to perform in accordance with pre-defined and pre-disclosed evaluation criteria;</td>
</tr>
<tr>
<td>(ix) Post-bidding negotiations shall not be allowed with the lowest evaluated or any other bidders; and</td>
</tr>
<tr>
<td>(x) Contracts of long duration (more than 18 months) shall contain appropriate price adjustment provisions.</td>
</tr>
</tbody>
</table>
(d) **Particular Methods of Procurement of Consultants' Services**

(i) Except as otherwise provided in item (ii) below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods, other than Quality- and Cost-based Selection, may be used for the procurement of consultants' services for those assignments which are specified in the Procurement Plan: (A) Quality-based Selection; (B) Selection under a Fixed Budget; (C) Least Cost Selection; (D) Selection based on Consultants' Qualifications; (E) Single-source Selection of consulting firms; (F) Selection of Individual Consultants; and (G) Single-source procedures for the Selection of Individual Consultants.

(e) **Review by the World Bank of Procurement Decisions.** The Procurement Plan shall set forth those contracts which shall be subject to the World Bank's Prior Review. 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:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in SEK)</th>
<th>Percentage of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, Consultants' Services, Training, Technical Services, and Incremental Operating Costs for Part A of the Project</td>
<td>18,711,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>18,711,000</td>
<td></td>
</tr>
</tbody>
</table>
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, 2013.

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**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:

Ministry of Finance  
Bulevardi Deshmoret e Kombit  
Tirana, Albania

Telephone: 355-4-222-8405  
Facsimile: 355-4-222-8494

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