

The World BankINTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION1818 H Street N.W.
Washington, D.C. 20433
U.S.A.(202) 477-1234
Cable Address: INTBAFRAD
Cable Address: INDEVAS**CONFORMED COPY**

May 6, 2010

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

*Re: Transport Project (Credit No. 4262 – ALB)
Amendments to the Financing Agreement*

Excellency:

We refer to the Financing Agreement for the above-referenced Project, dated March 21, 2007, between Albania (the Recipient) and the International Development Association (the Association) (the Financing Agreement), and to your written communication dated January 21, 2010 on behalf of the Recipient, requesting certain modifications to the Financing Agreement to enable the Project to reach its development objectives more effectively.

After due consideration, the Association concurs with your request and agrees to amend the Financing Agreement as follows:

1. Paragraph 6, Section II of Schedule 2 to the Financing Agreement is deleted in its entirety, and replaced by the following:

“The Recipient shall: (a) not later than June 30, 2007, submit the proposed new structure of the GRD for review and agreement of the Association; and (b) not later than June 30, 2011, reform the GRD in line with the agreed new structure, in a manner satisfactory to the Association.”

2. The table in paragraph A.2, Section V of Schedule 2 to the Financing Agreement is amended to read as set forth in the Attachment to this letter.

3. Paragraph 11 of the Appendix to the Financing Agreement is amended to read as follows:

“11. “Incremental Operating Costs” means reasonable and necessary incremental expenditures, approved by the Association on the basis of annual budgets acceptable to the Association, incurred by the GRD and the MPWTT (as hereinafter defined) on account of Project implementation, management and monitoring, including **salaries for staff of the Project Implementation Team engaged during the implementation of the Project**, communication costs, courier and postage costs, translation and interpretation costs, bank charges, and other miscellaneous costs directly associated with the implementation of Project activities as may be agreed with the Association, but excluding salaries or honoraria of officials and civil service employees of the Recipient, including

officials and civil service employees of the GRD and the MPWTT (as hereinafter defined).”

Except as specifically amended in accordance with the provisions of paragraphs 1 through 3 of this letter of amendment, all provisions, terms and conditions of the Financing Agreement otherwise 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 as of the date hereof upon receipt by the Association of the copy of this amendment letter countersigned by you.

Sincerely,

By /s/ Jane Armitage
Country Director and Regional Coordinator
For Southeast Europe
Europe and Central Asia Region

AGREED:
ALBANIA

By:/s/ Ridvan Bode
Minister of Finance

Date: August 9, 2010

Attachment

Category	Amount of the Credit Allocated (expressed in SDR)	Percentage of Expenditures to be Financed
(1) Goods	330,000	100%
(2) Civil Works for Part I of the Project	664,000	88%
(3) Civil Works for Part II of the Project	80,000	10%
(4) Consultants' Services for Parts I and II of the Project	390,000	20%
(5) Consultants' Services for Parts III and IV of the Project and Training	1,540,000	100%
(6) Incremental Operating Costs	396,000	100%
TOTAL AMOUNT	<u>3,400,000</u>	