

OFFICIAL DOCUMENT P472

**The World Bank**

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATION

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April 10, 2015

H.E. Shkëlqim Cani  
Minister of Finance  
Ministry of Finance  
No. 3 Bulevardi "Deshmoret e Kombit"  
Tirana  
Republic of Albania

**Re: Albania: Advance Agreement for Preparation of Proposed  
Citizen-Centered Public Services Project  
Project Preparation Advance No. P472**

Excellency:

In response to the request for financial assistance made on behalf of the Republic of Albania ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development ("World Bank") proposes to extend to the Recipient an advance out of the World Bank's Project Preparation Facility in an amount not to exceed two million Dollars (\$2,000,000) ("Advance") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in financing the activities described in the Annex ("Activities"). The objective of the Activities is to facilitate the preparation of a proposed project designed to improve the efficiency, quality and access to selected administrative services of the Recipient ("Project"), for the carrying out of which the Recipient has requested the World Bank's financial assistance.

The Recipient represents, by confirming its agreement below, that: (a) it understands that the provision of the Advance does not constitute or imply any commitment on the part of IBRD or IDA to provide financing in support of the Program; and (b) it is authorized to enter into this Agreement and to carry out the Activities, repay the Advance and perform its other obligations under this Agreement, all in accordance with the provisions of 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. This Agreement shall become effective as of the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the following evidence, that: (a) the execution and delivery of this Agreement has been duly authorized or ratified by all necessary governmental action; and (b) counsel to the Recipient acceptable to the World Bank has furnished to the World Bank an opinion acceptable to the World Bank that this Agreement has been duly ratified and authorized by the Recipient.

Very truly yours,  
**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT**

By Tahseen Sayed  
Tahseen Sayed  
Country Manager  
Republic of Albania

**AGREED:**

**REPUBLIC OF ALBANIA**

By: [Signature]  
Authorized Representative  
Name: SHKELQIM CANI  
Title: MINISTER OF FINANCE  
Date: 06.05.2015

Enclosures:

- (1) "Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility", dated July 31, 2010; and
- (2) Disbursement Letter for the Advance 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;
- (4) "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 and updated July 2014; and
- (5) "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 and updated July 2014.

**Article I**  
**Standard Conditions; Definitions**

1.01. **Standard Conditions.** The Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility dated July 31, 2010 (“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) “ADISA” means the Agency for Delivery of Integrated Services in Albania established pursuant to Council of Ministers Decision No. 693, dated October 22, 2014 or its legal successor thereto.
- (b) “CFCU” means the Central Finance and Contracting Unit of the Recipient’s Ministry of Finance.
- (c) “Delivery Unit” or “DU” means a unit in the Recipient’s Prime Minister’s office responsible for monitoring the implementation of the Recipient’s priorities in connection with public services and good governance.
- (d) “MIPA” means the Recipient’s Ministry of State for Innovation and Public Administration or its legal successor thereto
- (e) “Public Sector Mall” or “PSM” means the Recipient’s consolidated public service center.

**Article II**  
**Execution of the Activities**

2.01. **Description of the Activities.** The Activities for which the Advance is provided consist of the following parts:

Part 1: Design of Public Service Mall (PSM) Model

- (a) Carrying out a baseline of the current state of public services inventory.
- (b) Conducting a mapping of the state of public service inventory and design of PSM model based on the baseline.
- (c) Establishing a citizen feedback mechanism.

Part 2: Establishment of a Project Management Unit

Hiring of project management unit staff including a project manager, finance specialist, administrative specialist and procurement specialist.

### Part 3: Design and Layout of the PSM

- (a) Conducting a competition on the design and layout of the PSM.
- (b) Preparing an area master plan and concept design of the PSM.
- (c) Preparing relevant analyses on use of the PSM including the estimated number of users.

### Part 4: Opening of Pilot Centers

- (a) Establishing the four pilot citizen service centers to test the PSM model and improve customer service.
- (b) Monitoring of the pilot centers to document lessons learned with a view to improving public service delivery.
- (c) Strengthening the capacity of ADISA staff through Training, goods and consultants services.

### Part 5: Launching of communication campaign

- (a) Preparing and implementing a communication campaign about the services provided in the pilot centers.
- (b) Carrying out activities to create a brand identity and public image for the pilot centers.

2.02. ***Execution of the Activities Generally.*** The Recipient declares its commitment to the objectives of the Activities. To this end, the Recipient shall carry out the Activities through the CFCU of its Ministry of Finance, in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) this Article II; and (c) 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.

2.03. ***Institutional and Other Arrangements.*** The Recipient shall ensure that:

- (a) MIPA recruits the Project Management Unit staff with qualifications, experience and under terms of reference satisfactory to the Bank; and
- (b) CFCU, supported by the Project Management Unit, carries out the fiduciary aspects of the Activities including procurement, financial management and administration, and MIPA, the lead implementation agency supported by the DU and ADISA, a beneficiary agency in the Project, carries out the technical aspects of the Activities.

2.04. ***Monitoring, Reporting and Evaluation of the Activities.*** The Recipient shall monitor and evaluate the progress of the Activities in accordance with the provisions of Section 2.08 of the Standard Conditions.

2.05. ***Financial Management.*** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.09 of the Standard Conditions.

(b) The Recipient shall ensure that interim un-audited financial reports for the Activities 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 have its Financial Statements audited in accordance with the provisions of Sections 2.09 (b) of the Standard Conditions, as follows:

- (i) If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, the Recipient shall have the Financial Statements included in the first audit of financial statements required under the Refinancing Agreement.
- (ii) If, by the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, such audit of the Financial Statements shall cover the period of the Advance, commencing with the fiscal year in which the first withdrawal under the Advance was made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of the Recipient's fiscal year in which the Refinancing Date occurs.
- (iii) Notwithstanding the provisions of paragraphs (i) and (ii) of this Section, the World Bank may request an audit of the Financial Statements prior to the Refinancing Date, covering such period as is indicated in its request. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of such period.

#### 2.06. ***Procurement***

(a) General. All goods, works and consultants' services required for the Activities and to be financed out of the proceeds of the Advance 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 and updated in July 2014 ("Procurement Guidelines"), in the case of goods and works;
- (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 and updated in July 2014 ("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 Activities 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 and Works

- (i) Except as otherwise provided in sub-paragraph (ii) below, goods and works 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 and works for those contracts specified in the Procurement Plan: (A) National Competitive Bidding, subject to the additional provisions contained in paragraph (d) below; (b) Shopping; and (c) Direct Contracting.

(d) Modifications to the Recipient's National Competitive Bidding Procedures. The National Competitive Bidding procedures ("NCB") shall be based on the Open Tendering procedures as defined in the Public Procurement Law ("PPL") of Albania (Law No. 9643 dated November 20, 2006, as amended), provided, however, that such procedure shall be subject to the provisions of Section I and Paragraphs 3.3 and 3.4 of the Procurement Guidelines and the following additional provisions:

- (i) "Open Tendering" procedures as defined in the PPL of Albania shall apply to all contracts financed by the Bank.
- (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. Registration shall not be used to assess bidders' qualifications.
- (iii) Bids shall be opened in public in one location, immediately after the deadline for submission of bids in the presence of the representatives who choose to attend.
- (iv) The procuring entities shall use sample bidding documents as approved by the Bank.
- (v) In case of higher bid prices compared to the official estimate, all bids shall not be rejected without the prior concurrence of the Bank.
- (vi) A single-envelope procedure shall be used for the submission of bids.
- (vii) 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.
- (viii) Bidders in the form of a joint venture shall be held jointly and severally liable.
- (ix) Before rejecting all bids and soliciting new bids, the prior concurrence of the Bank shall be obtained.
- (x) 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.

- (xi) Post-bidding negotiations shall not be allowed with the lowest evaluated or any other bidders.
- (xii) Contracts of long duration (more than 18 months) shall contain appropriate price adjustment provisions.
- (xiii) Bid and contract guarantees shall be in the format included in the bidding documents. The bid guarantee shall be valid for twenty-eight days (28) beyond the original validity period of the bid, or beyond any period of extension if requested. No advance payments shall be made without a suitable advance payment guarantee.
- (xiv) The bidding document and contract as deemed acceptable by the Bank shall include provisions stating the Bank's policy to sanction firms or individuals found to have engaged in fraud and corruption as defined in the Procurement Guidelines.
- (xv) In accordance with the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Advance shall provide that bidders, suppliers and contractors, and their subcontractors, agents, personnel, consultants, service providers, or suppliers, shall permit the Bank to inspect all accounts, records, and other documents relating to the submission of bids and contract performance, and to have them audited by auditors appointed by the Bank. Acts intended to materially impede the exercise of the Bank's inspection and audit rights provided for in the Procurement Guidelines constitute an obstructive practice as defined in the Procurement Guidelines.

(e) 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 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.

(f) 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 the Advance**

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Advance 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 100% of Eligible Expenditures consisting of goods, works, services, Training and Workshops, and Incremental Operational Costs inclusive of Taxes.

For the purposes of this paragraph, the term:

- (i) “Training and Workshops” means the reasonable costs, as shall have been approved by the World Bank, for training and workshops conducted under the Activities, including tuition, travel and subsistence costs for training and workshop participants, costs associated with securing the services of trainers and workshop speakers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training course and workshop preparation and implementation (but excluding goods and consultants’ services); and
- (ii) “Incremental Operating Costs” means the reasonable costs, as shall have been approved by the World Bank, for the incremental expenses incurred on account of Activities implementation, consisting of vehicle operation and maintenance, communication and insurance costs, banking charges, rental expenses, office (and office equipment) maintenance, utilities, document duplication/printing, consumables, travel cost and *per diem* for staff for travel linked to the implementation of the Activities, and salaries of contractual staff for the Activities (but excluding consultants’ services and salaries of officials of the Recipient’s civil service).

3.02. **Refinancing Date.** The Refinancing Date is September 30, 2015.

**Article IV**  
**Terms of the Advance**

4.01. **Interest.** The Recipient shall pay interest on the Withdrawn Advance Balance at a rate, for each Interest Period, equal to the Reference Rate plus the Fixed Spread. Interest shall accrue from the respective dates on which amounts of the Advance are withdrawn and shall be paid in arrears in accordance with the provisions of Section 4.02 of this Agreement. The Interest Period Determination Dates are January 1 and July 1 in each year.

4.02. **Repayment.** The Withdrawn Advance Balance, together with interest accrued thereon shall be repaid by the Recipient to the World Bank in accordance with the provisions of Article IV of the Standard Conditions and the following provisions:

(a) **Refinancing under the Refinancing Agreement:** If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, then the full amount of the Withdrawn Advance Balance shall be repaid to the World Bank (together with interest accrued on the Advance to the date of repayment) as soon as the Refinancing Agreement becomes effective, by means of a withdrawal by the World Bank of an amount of the Refinancing Proceeds equivalent to the Withdrawn Advance Balance plus such interest, in accordance with the provisions of the Refinancing Agreement.



(b) *Repayment in the absence of a Refinancing Agreement:* If, on or before the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, or if, by this date, it has been so executed but terminates without becoming effective, then:

- (i) if the amount of the Withdrawn Advance Balance does not exceed US\$50,000, it shall be repaid by the Recipient to the World Bank (together with interest accrued on the Withdrawn Advance Balance to the date of repayment), on such date as the World Bank shall specify in a notice to the Recipient, which shall in no event be earlier than 60 days following the date of dispatch of such notice; and
- (ii) if the amount of the Withdrawn Advance Balance exceeds US\$50,000, it (together with interest accrued on the Withdrawn Advance Balance to the Notice Date) (the “Aggregate Balance”) shall be paid by the Recipient to the World Bank in ten approximately equal semiannual installments, in the amounts and on the dates (“Payment Dates”) which the World Bank shall specify in a notice to the Recipient. In no event shall the first Payment Date be set earlier than 60 days following the date (“Notice Date”) of dispatch of such notice. The Recipient shall pay interest on the Aggregate Balance at a rate, for each Interest Period, equal to the Reference Rate plus the Fixed Spread, payable in arrears on each Payment Date. Notwithstanding the foregoing, if any amount of the Aggregate Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the Recipient shall pay the Default Interest Rate on such overdue amount in lieu of the interest rate specified above in this subparagraph (ii) until such overdue amount is fully paid. Interest at the Default Interest Rate shall accrue from the first day of each Default Interest Period and shall be payable semi-annually in arrears on each Payment Date.

## **Article V**

### **Recipient’s Representative; Addresses**

5.01. ***Recipient’s Representative.*** The Recipient’s Representative referred to in Section 9.02 of the Standard Conditions is its Minister of Finance.

5.02. ***Recipient’s Address.*** The Recipient’s Address referred to in Section 9.01 of the Standard Conditions is:

Ministry of Finance  
No. 3 Bulevardi “Deshmoret e Kombit”  
Tirana  
Republic of Albania

Facsimile:

355 42228494

5.03. **World Bank's Address.** The World Bank's Address referred to in Section 9.01 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:	Telex:	Facsimile:
INTBAFRAD Washington, D.C.	248423 (MCI) or 64145 (MCI)	1-202-477-6391