

Public Disclosure Authorized

OFFICIAL DOCUMENTS

LOAN NUMBER 8656-AL

Project Agreement

(Project for Integrated Urban and Tourism Development)

between

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

and

ALBANIAN DEVELOPMENT FUND

Dated *DECEMBER 13*, 2016

LOAN NUMBER 8656-AL

PROJECT AGREEMENT

Agreement dated *December 13*, 2016, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) and ALBANIAN DEVELOPMENT FUND (“Project Implementing Entity”) (“Project Agreement”) in connection with the Loan Agreement (“Loan Agreement”) of same date between Republic of Albania (“Borrower”) and the Bank. The Bank and the Project Implementing Entity hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to the Loan Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Loan Agreement or the General Conditions.

ARTICLE II — PROJECT

- 2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall carry out the Project in accordance with the provisions of Article V of the General Conditions, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Bank and the Borrower shall otherwise agree, the Project Implementing Entity shall carry out the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — REPRESENTATIVE; ADDRESSES

- 3.01. The Project Implementing Entity’s Representative is its Executive Director.
- 3.03. The Bank’s Address is:

International Bank for Reconstruction and Development
1818 H Street, NW
Washington, DC 20433
United States of America

Telex: 248423(MCI) or 64145(MCI)
Facsimile: 1-202-477-6391

3.04 The Project Implementing Entity's Address is:

Albanian Development Fund
Rruga Sami Frasheri No. 10
Tirana, Albania

Facsimile:
355 4 234885

AGREED at Tirana, Republic of Albania, as of the day and year first above written.

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By: Tahseen Sayed
Authorized Representative
Name: TAHSEEN SAYED
Title: COUNTRY MANAGER

ALBANIAN DEVELOPMENT FUND

By: BENET BEU
Authorized Representative
Name: BENET BEU
Title: EXECUTIVE DIRECTOR

SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Project Implementing Entity shall:
 - (a) Maintain, throughout the implementation of the Project, its key staff comprising a Project manager, an architect, an engineer, a financial management specialist, a procurement specialist, a citizen engagement specialist, an environmental specialist, and a social specialist, all with experience, qualifications, responsibilities and resources satisfactory to the Bank.
 - (b) carry out Project implementation including financial management, procurement and contract management.

PCU

2. The Project Implementing Entity shall liaise with the PCU on the PCU responsibilities in connection with overseeing the coordination of the Selected Municipalities' and Participating Central Government Agencies' technical inputs.

Project Steering Committee

3. The Project Implementing Entity shall coordinate with the PSC on the PSC's responsibilities in connection with the resolution of bottlenecks emerging during Project implementation, as well as on facilitating exchange of information among the main government agencies involved in Project implementation with the Selected Municipalities.

B. Implementation Arrangements

1. *Project Operations Manual*
 - (a) The Project Implementing Entity shall prepare and adopt a Project Operations Manual, in form and substance satisfactory to the Bank, and thereafter, implement the Project in accordance with the Project Operations Manual.
 - (b) Except as the Borrower, through MoUD, and the Bank may otherwise agree in writing, the Project Implementing Entity shall not abrogate,

amend, suspend, waive or otherwise fail to enforce the Project Operations Manual, or any provision thereof.

- (c) In the event of any inconsistency between the provisions of the Project Operations Manual and the provisions of this Agreement, the provision of this Agreement shall prevail.

2. *Cooperation Agreement*

- (i) In implementing Parts 1, 2 and 3 of the Project, the Project Implementing Entity shall enter into an agreement (“Cooperation Agreement”) with each Selected Municipality or a Participating Central Government Agency on terms and conditions approved by the Bank, which shall include the Selected Municipality’s or Participating Central Government Agency’s obligations to:

- (a) operate and maintain rehabilitated assets in accordance with agreed standards;
- (b) review and comment on technical reports and deliverable;
- (c) monitor and oversee works undertaken in the municipality;
- (d) obtain any required approvals from the relevant municipal authorities;
- (e) hold periodic citizen engagement meetings and share information on project goals, benefits and implementation progress;
- (f) disseminate and address feedback from community as well as grievance redress mechanisms;
- (g) ensure participation of women in all community engagement processes;
- (h) obtain the cooperation of the tourism and culture directorates to facilitate the establishment of the Destination Management Entities; and
- (i) participate as requested by the PIE on tender committees.

- (ii) In the event of any inconsistency between the provisions of the Cooperation Agreement and this Agreement and the provisions of the Loan Agreement, the provision of the Loan Agreement shall prevail.

C. Subsidiary Agreement

1. To facilitate the carrying out of the Project, the Project Implementing Entity shall receive the proceeds of the Loan from the Borrower on a grant basis under a subsidiary agreement (Subsidiary Agreement) between the Borrower and the Project Implementing Entity, under terms and conditions approved by the Bank.
2. The Project Implementing Entity shall exercise its rights and carry out its obligations under the Subsidiary Agreement in such manner as to protect the interests of the Borrower and the Bank, and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Project Implementing Entity shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

D. Anti-Corruption

The Project Implementing Entity shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

E. Safeguards

1. In order to ensure the proper implementation of the Project in an environmentally and socially sound manner, the Project Implementing Entity shall:
 - (a) carry out the Project in accordance with the Safeguards Instruments for the Project;
 - (b) prior to carrying out any works under the Project, prepare site-specific EMPs in accordance with the respective EMF, including disclosure and public consultation, in form and substance satisfactory to the Bank, and implement the Project activities in accordance with the respective EMPs;
 - (c) prior to carrying out any works under the Project which entail Involuntary Resettlement, prepare a site specific RAP in accordance with the RPF, including disclosure and meaningful consultation with Project Affected Persons, in form and substance satisfactory to the Bank, and ensure that such RAP is implemented, including by providing appropriate compensation consistent with the provisions of the RPF and site-specific RAP, to the Project Affected Persons; and
 - (d) not assign, amend, abrogate or waive the Safeguards Instruments or any provision thereof, without the prior approval of the Bank.

2. In the event of any inconsistency between the provisions of any Safeguards Instruments and the provisions of this Agreement, the provisions of this Agreement shall prevail.
3. The Project Implementing Entity shall ensure that the terms of reference of any consultancy in respect to the Project shall be satisfactory to the Bank following its review thereof and, to that end, such terms of reference shall duly incorporate the requirements of the Bank's Safeguards Policies then in force, as applied to the advice conveyed through such technical assistance.

F. Annual Work Plan and Budget

1. The PIE shall prepare and furnish to the Bank for review and approval, not later sixty (60) days after Effective Day and by each October 31 thereafter in each Fiscal Year during the implementation of the Project, a proposed annual work plan and budget covering all activities proposed to be carried out under the Project in the forthcoming Fiscal Year.
2. Each such proposed annual work plan and budget shall specify among the activities, any training activities that may be required under the Project, including: (a) the type of training; (b) the purpose of the training; (c) the personnel to be trained; (d) the institution or individual who will conduct the training; (e) the location and duration of the training; (f) the cost of the training; and (g) the expected outcome and impact of the training.

G. Other Undertakings/Urban Design Studies

In order to promote effective implementation of Part 1 (a) of the Project, the Project Implementing Entity shall ensure that any urban design study undertaken under said part of the Project is satisfactory to the Bank.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Project Implementing shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 (b) of the General Conditions and on the basis of indicators acceptable to the Bank. Each such Project Report shall cover the period of one semester, and shall be furnished to the Borrower not later one month after the end of the period covered by such report for incorporation and forwarding by the Borrower, through MoUD, to the Bank of the overall Project Report.
2. The Project Implementing Entity shall provide to the Borrower, through MoUD, not later than four (4) months after the Closing Date for incorporation in the report

referred to in Section 5.08 (c) of the General Conditions, all such information as the Borrower or the Bank shall reasonably request for the purposes of that Section.

B. Financial Management, Financial Reports and Audits

1. The Project Implementing Entity shall maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations and financial condition of the Project Implementing Entity, including the operations, resources and expenditures related to the Project.
2. The Project Implementing Entity shall have its financial statements referred to above audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank. Each audit of these financial statements shall cover the period of one fiscal year of the Project Implementing Entity. The Project Implementing Entity shall ensure that the audited financial statements for each period shall be: (a) furnished to the Borrower and the Bank not later than six (6) months after the end of the period; and (b) made publicly available in a timely fashion and in a manner acceptable to the Bank.

Section III. Procurement

All goods, works and services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the provisions of Section III of Schedule 2 to the Loan Agreement.