


OFFICIAL DOCUMENTS



April 06, 2017

His Excellency Avdullah Hoti
Minister of Finance
Ministry of Finance
Government Building, Floor 11
Mother Teresa Street
Pristina, 10000
Republic of Kosovo

			
REPUBLIKA E KOSOVËS/REPUBLIKA KOSOVA/REPUBLIC OF KOSOVO Qeveria e Kosovës / Vlada Kosova / Government of Kosovo Ministria e Financave / Ministarstvo za Finansije Ministry of Finance Arkiva - Arhiva - Archive			
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Re: EU TF Grant No. TF0A3821
(Strengthening National Audit Office Capacities in Procurement Audits Project)
Letter Agreement

Excellency:

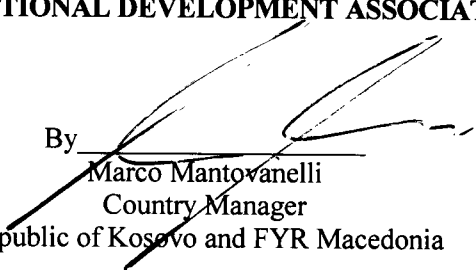
In response to the request for financial assistance made on behalf of the Republic of Kosovo ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development/International Development Association ("World Bank"), acting as administrator of grant funds provided by the European Commission on behalf of the European Union ("Donor" or "EU"), under the Strengthening Accountability and the Fiduciary Environment ("SAFE Program") European Union Single-Donor Trust Fund (TF072559), proposes to extend to the Recipient a grant in an amount not to exceed one hundred sixty-four thousand nine hundred and thirty Euro (€164,930) ("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 the project described in the Annex ("Project").

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.

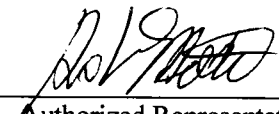
Please confirm the Recipient's agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank.

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

By 
Marco Mantovanelli
Country Manager
Republic of Kosovo and FYR Macedonia

AGREED:

REPUBLIC OF KOSOVO

By 
Authorized Representative

Name AVDULLAH HOTI

Title MINISTER OF FINANCE

Date: APRIL 06, 2017

Enclosures:

- (1) "Standard Conditions for Grants Made by the World Bank Out of Various Funds" dated February 15, 2012.
- (2) Disbursement Letter of the same date as this Agreement, together with World Bank "Disbursement Guidelines for Investment Project Financing" dated February 2017.
- (3) "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loan and IDA Credits and Grants" dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.
- (4) "World Bank Procurement Regulations for Borrowers under Investment Project Financing" dated July 1, 2016.

Article I
Standard Conditions; Definitions

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) “National Audit Office” or “NAO” means the Recipient’s national audit office or any successor thereto.
- (b) “Operating Costs” means the reasonable incremental expenditures directly related to the Project on account of the implementation, management, and monitoring, including communications services, document duplication/printing, translation services, consumables, travel cost and *per diem* for Project staff for travel linked to the implementation of the Project, and salaries of contractual staff for the Project (but excluding consultants’ services, salaries, bonuses, fees and honoraria or equivalent payments of members of the Recipient’s civil service).
- (c) “Training” means the reasonable costs, as shall have been approved by the World Bank, for training conducted under the Project, including tuition, travel and subsistence costs for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to training course preparation and implementation (but excluding goods and consultants’ services).

Article II
Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to enable the NAO to carry out effective performance procurement audits, and effective compliance audits with specific focus on procurement in line with international audit standards and good professional practices for the public sector.

The Project consists of the following parts:

- (1) Provision of technical assistance to NAO for the identification, analysis and assessment of the existing PFM (public financial management) assessments, public procurement legislation and guidelines, and other relevant information.
- (2) Developing and enhancing the capacity of audit staff to strengthen performance audit focused on procurement through training, coaching and mentoring, and provision of technical assistance to update the related audit guidelines.

- (3) Developing and enhancing the capacity of audit staff to strengthen compliance audit focused in procurement through training, coaching and mentoring, and provision of technical assistance to update the related audit guidelines.
- (4) Carrying out a set of activities to support regional knowledge exchange.

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 NAO, in accordance with the provisions of: (i) Article II of the Standard Conditions; (ii) 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 and as of July 1, 2016 (“Anti-Corruption Guidelines”); and (iii) this Article II.

2.03. **Institutional and Other Arrangements.** For the purposes of carrying out the Project, the Recipient shall cause NAO to maintain at all times during the Project implementation, professional staff in adequate numbers and with terms of reference, qualifications and functions acceptable to the World Bank, to perform all Project-related functions including procurement and financial management.

2.04. **Donor Visibility and Visit**

- (a) The Recipient shall take or cause to be taken all such measures as the World Bank shall reasonably request, on the basis of the visibility note made available by the World Bank to the Recipient, to identify publicly the Donor’s support for the Project.
- (b) For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request, enable the representatives of the Donors to visit any part of the Recipient’s territory for purposes related to the Project.

2.05. **Documents; Records.** In addition, and without limitation to the obligations set forth in Section 2.05 of the Standard Conditions, the Recipient shall ensure that:

- (a) all records evidencing expenditures under the Project are retained for seven years and six months after the Closing Date, such records to include: (i) this Agreement, all addenda thereof, and any amendments thereto; (ii) the Recipient’s financial and narrative progress reports submitted to the World Bank; (iii) the Recipient’s financial information related to the Grant, including audit reports, invoices and payroll records; (iv) the Recipient’s implementation documentation (including sub-agreements, procurement files, contracts, purchase orders); and (v) the corresponding supporting evidence referred to in Section 3.04 of the Standard Conditions; and
- (b) the representatives of the World Bank are: (i) able to examine all records referred to above in paragraph (a); (ii) provided all such information concerning such records as they may from time to time reasonably request; and (iii) able to disclose such records and information to the Donor.

- 2.06. ***Project Monitoring, Reporting and Evaluation.*** The Recipient, through NAO, shall:
- (a) 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 one month after the end of the period covered by such report; and
 - (b) 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.
- 2.07. ***Financial Management.*** The Recipient, through NAO, shall:
- (a) ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions;
 - (b) ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty-five calendar days after the end of each calendar semester covering the semester in form and substance satisfactory to the World Bank; and
 - (c) have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Such audit of the Financial Statements shall cover the entire period during which withdrawals from the Grant Account were made. 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.
- 2.08. ***Procurement***
- (a) All non-consulting services and consulting 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 the “World Bank Procurement Regulations for Borrowers under Investment Project Financing” dated July 1, 2016 (“Procurement Regulations”), and the provisions of the Recipient’s procurement plan for the Project (“Procurement Plan”) dated February 22, 2017, provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the World Bank.
 - (b) Procurement Documents. Procurement Documents shall require the Bidder, (Proposer or Consultant) to provide the Recipient with digital copies of its Bid or Proposal (as the case may be, and as all such terms are defined in the Procurement Regulations).
 - (c) Right to use Project outputs. To the extent the Recipient has the intellectual property rights to Project outputs and subject to any third party proprietary or confidential obligation it may have, the Recipient shall grant the Donor the right to use such outputs for purposes limited to the development, implementation and

monitoring of EU programs, including distribution to the public, translation, storage and archive.

**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: (i) the Standard Conditions; (ii) this Section; and (iii) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Investment Project Financing” dated February 2017, 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:

Category	Amount of the Grant Allocated (expressed in EURO)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Non-consulting services, consulting services, Training and Operating Costs under the Project	164,930	100%
TOTAL AMOUNT	164,930	

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 this Agreement.

3.03. **Withdrawal Period.** The Closing Date (“Closing Date”) referred to in Section 3.06 (c) of the Standard Conditions is December 31, 2018.

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
Mother Teresa Street
10000 Pristina
Republic of Kosovo

Facsimile:

+381-38-213-113

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
International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Telex:

Facsimile:

248423 (MCI) or
64145 (MCI)

1-202-477-6391