



LOAN NUMBER 8211-AL

Loan Agreement

(Water Resources and Irrigation Project)

between

ALBANIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated *DECEMBER 14*, 2012

LOAN AGREEMENT

Agreement dated *DECEMBER 14*, 2012, between ALBANIA (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”). The Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this 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 General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

- 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of thirty-one million Euro (EUR 31,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Agreement (“Loan”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Fixed Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (e) of the General Conditions.
- 2.05. The Payment Dates are February 15 and August 15 in each year.

- 2.06. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.
- 2.07. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; and (ii) a change of the interest rate basis applicable to: (A) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; or (B) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread, or vice versa; or (C) all of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread.
- (b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a "Conversion", as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

ARTICLE III — PROJECT

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall carry out Parts 1 and 2 of the Project through MAFCP, Part 3 of the Project through MEFWA and Part 4 of the Project through MAFCP and MEFWA in accordance with the provisions of Article V of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

- 4.01. The Additional Conditions of Effectiveness consist of the following:
- (a) A Project Steering Committee has been established, which committee is co-chaired by the Minister of Agriculture, Food and Consumer Protection and the Minister of Environment, Forestry and Water Administration and responsible for: ensuring inter-institutional coordination; providing overall Project oversight and policy and strategic

guidance; approving implementation plans and budgets; reviewing implementation progress of said plans; and assisting in the resolution of implementation issues.

- (b) A Technical Committee, with terms of reference acceptable to the Bank and responsible for ensuring coordination of Project the technical and operation aspects of implementation has been established.
- (c) MEFWA and MAFCP, each has in place a procurement specialist and a financial management specialist, with qualifications, experience and terms of reference acceptable to the Bank.
- (d) The Borrower, through MEFWA and MAFCP, has adopted the Project Operations Manual prepared in accordance with paragraph 1 of Section V of Schedule 2 to this Agreement and confirmed by the Bank as satisfactory.

4.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Borrower's Representative is its Minister of Finance.

5.02. The Borrower's Address is:

Ministry of Finance
No. 4 Bulevardi "Deshmoret e Kombit"
Tirana, Albania

Facsimile:

355-4222-8494

5.03. The Bank's Address is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:

Telex:

Facsimile:

INTBAFRAD
Washington, D.C.

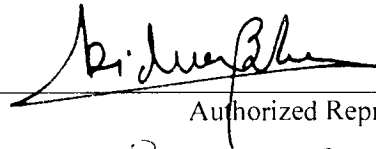
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1-202-477-6391

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

ALBANIA

By



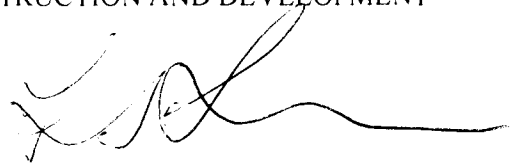
Authorized Representative

Name: Fidan Berde

Title: Minister

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By



Authorized Representative

Name: Kseniya Luvinsky

Title: Country Manager

SCHEDULE 1

Project Description

The objective of the Project is to assist the Borrower in: (1) establishing the strategic framework to manage water resources at the national level and at the level of the Drin-Buna and Semani River basins; and (2) improving, in a sustainable manner, the performance of Selected Irrigation Systems.

The Project consists of the following parts:

Part 1. Dams and Irrigation and Drainage Systems Rehabilitation

(a) Rehabilitation and modernization of selected dams and irrigation and drainage systems.

(b) (i) Preparation and implementation of safeguard instruments and measures associated with the rehabilitation and modernization activities under Part 1(a) above, including environmental and social management plans and resettlement action plans, where applicable; and (ii) strengthening the framework governing safety of agricultural dams, including, capacity strengthening and awareness raising and preparation of plans for construction supervision and quality assurance, instrumentation, operation and maintenance, and emergency preparedness.

Part 2. Institutional Support for Irrigation and Drainage

(a) Definition of responsibilities for operation and maintenance of irrigation and drainage systems among stakeholders (including, Ministries, Drainage Boards, local governments, water users organizations and private operators) through, *inter alia*:

- (i) Preparation of a national irrigation and drainage strategy.
- (ii) Development of cooperation arrangements (including contractual arrangements) among agencies, including through provision of consultants services.
- (iii) Development and formalization of irrigation and drainage service delivery standards.
- (iv) Development and carrying out of small scale pilots in public private partnership including outsourcing operations and maintenance of irrigation and drainage schemes to private operators.

(b) Strengthening the capacity of organizations that provide irrigation and drainage services and the capacity of stakeholders (including, Ministries, Drainage

Boards, local governments, water user organizations, and private operators), *inter alia*, through provision of goods and also training in areas, including contract management and outsourcing, administration, financial management, procurement, water management and operations, and maintenance.

Part 3. Institutional Support for Integrated Water Resources Management

Establishment of a strategic framework for management of water resources through, *inter alia*:

(a) Preparation of a national integrated water resource management strategy, including: establishment of a stakeholder forum for cross-sectoral dialogue and decision making under the aegis of the National Water Council; and strengthening capacities of institutions responsible for integrated water resource management such as the National Water Council and its Technical Secretariat, and the River Basin Councils and River Basin Agencies of the Drin-Buna and Semani basins.

(b) Preparation of river basin management plans for the Drin-Buna and Semani river basins, including identification of structural and non-structural measures to improve the quality of integrated water resource management and strengthening capacity to implement said plans, through provision of training and goods to River Basin Agencies and minor rehabilitation of their offices.

(c) Establishment of a consolidated water resources database to be used as basis for national water resources planning and programming

Part 4. Implementation Support

Provide support for the implementation of the Project, including provision technical assistance, training, and goods, and establishment and implementation of a performance based management information system.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Borrower shall maintain, for purposes of carrying out the Project, the following organizations, with terms of reference, staffing and other resources acceptable to the Bank, throughout the period of implementation of the Project:

- (a) The Project Steering Committee established pursuant to Section 4.01(a) of this Agreement.

- (b) The Technical Committee, established pursuant to Section 4.01(b) of this Agreement.

- (c) The Project Management Team, established within each of MAFCP and MEFWA, responsible for day-to-day Project management, coordination with Project stakeholders, the Bank, and co-financiers; monitoring and evaluation of Project activities, preparation of annual implementation plan and budget, updating of the Procurement Plan and preparation of procurement documents, preparation of financial and progress reports and maintaining of Project document filing.

B. Anti-Corruption

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

C. Safeguards

Environment Protection and Resettlement

1. The Borrower, through MAFCP and MEFWA, shall carry out, and cause to be carried out, the following actions: (a) implement the Environmental and Social Safeguard Framework; (b) prepare and furnish to the Bank for approval, site-specific environmental and social management plans (including provisions relating to pest management) in accordance with the Environmental and Social Safeguard Framework; and (c) implement said site-specific environmental and social management plans that have been approved by the Bank, all in a manner satisfactory to the Bank, and necessary to ensure that the Project is implemented in accordance with sound environmental practices and standards.

2. Without limitation to paragraph 1 of this Section I.C, the Borrower shall not commence tendering for works under the Project until the Bank has approved the site-specific environmental and social management plan relating to such works in accordance with the provision of said paragraph 1.
3. The Borrower, through MAFCP and MEFWA, shall:
 - (a) take all necessary actions to minimize, to the extent possible, any involuntary loss by persons of shelter, productive assets or access to productive assets or income or means of livelihood, temporarily or permanently, in carrying out the Project; and
 - (b) whenever implementation of the Project or modification/finalization of any Project design or works would give rise to Displaced Persons, prior to commencement of any works related to such implementation, modification or finalization, provide to the Bank for its review and approval, a site-specific resettlement action plan prepared in accordance with the principles and procedures set forth in the Resettlement Policy Framework and, thereafter, implement in a manner satisfactory to the Bank (which includes, unless otherwise agreed with the Bank, payment in full of compensation to all Displaced Persons) such site-specific resettlement action plan as shall have been approved by the Bank.
4. The Borrower, through MAFCP and MEFWA, shall:
 - (a) provide, and cause to be provided, to the Bank for its prior concurrence any proposed modification or waiver, in whole or part, of any of the following: (i) Environmental and Social Safeguard Framework; (ii) the site-specific environmental and social management plans prepared and approved by the Bank in accordance with paragraph 1 of this Section I.C; (iii) the Resettlement Policy Framework; and (iv) site-specific resettlement action plans prepared and approved by the Bank in accordance with paragraph 3 of this Section I.C; and
 - (b) put into effect, and cause to be put into effect, only such modification or waiver as shall have been agreed by the Bank.

5. The Borrower, through MAFCP and MEFWA, shall:
- (a) maintain policies and procedures adequate to enable them to monitor and evaluate, in accordance with guidelines acceptable to the Bank, the implementation of: (i) Environmental and Social Safeguard Framework; (ii) the site-specific environmental and social management plans prepared and approved by the Bank in accordance with paragraph 1 of this Section I.C; (iii) the Resettlement Policy Framework; and (iv) site-specific resettlement action plans prepared and approved by the Bank in accordance with paragraph 3 of this Section I.C, and the achievement of the objectives of each foregoing instrument; and
 - (b) prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank the results of the monitoring and evaluation activities with respect to each of the instruments referred to in sub-paragraph (a) above.

Dam Safety

6. To ensure the safety of the dams to be rehabilitated under Part I of the Project, the Borrower, through MAFCP, shall carry out, and cause to be carried out, the following:
- (a) Maintain the Panel of Dam Safety Experts, with qualifications, resources and experience, satisfactory to the Bank and which Panel of Dam Safety Experts is responsible for advising MAFCP on matters related to safety of the dams in the Selected Irrigation Systems including, reviewing designs for rehabilitation of said dams and monitoring and reporting on the rehabilitation works of said dams and the completion of said works.
 - (b) Prior to commencement of tendering for works to be carried out under the Project:
 - (i) prepare, in accordance with a framework acceptable to the Bank, detailed and time-bound plans, relating to said dams, for:
(A) construction supervision and quality assurance;
(B) instrumentation; (C) operation and maintenance; and
(D) emergency preparedness, and
 - (ii) finalize said plans taking into account the Bank's comments thereon.

Thereafter, the Borrower, through MAFCP, shall implement such plans that have been accepted by the Bank.

- (c) After completion of construction works at said dams, have independent qualified professionals carry out periodic safety inspections of said dams.

General

7. Notwithstanding paragraphs 1 through 6 of this Section I.C, unless otherwise approved by the Bank, the Borrower undertakes that: (a) there shall be no investments in new dams and irrigation and drainage systems or expansion of existing dams and irrigation systems under the Project; (b) works under the Project will be limited to the rehabilitation of existing dams and irrigation and drainage systems and replacement of obsolete, inefficient and non-functioning equipment; and (c) the works shall not entail any expansion of existing dams and irrigation and drainage systems, increase of the command area or increase in the quantity of abstracted water over the quantities that were approved in original designs of said dams and systems.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

1. The Borrower, through MAFCP and MEFWA, shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of the indicators acceptable to the Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than forty-five (45) days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Borrower shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Borrower, through MAFCP and MEFWA, shall prepare and furnish to the Bank not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Bank.
3. The Borrower shall have its Financial Statements related to the Project audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower (except for the first audit which shall include also the entire period during which withdrawals were made under the Preparation Advance for the Project), commencing with the fiscal year in which the first withdrawal was made under the Preparation Advance for the Project. The audited Financial Statements for each such period shall be furnished to the Bank not later than six months after the end of such period.

Section III. Procurement

A. General

1. **Goods, Works and Non-consulting Services.** All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the 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.

B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan:

(a) National Competitive Bidding, subject to the additional provisions set out in paragraph 3 below.
(b) Shopping.
(c) Direct Contracting.

3. **Modifications to the Borrower'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 Republic of Albania. 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 to 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 Loan 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.

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants' services for those contracts 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) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants

(g) Single-source procedures for the Selection of Individual Consultants

D. Review by the Bank of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Bank's Prior Review. All other contracts shall be subject to Post Review by the Bank.

Section IV. Withdrawal of Loan Proceeds

A. General

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan ("Category"), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

Category	Amount of the Loan Allocated (expressed in Euro)	Percentage of Expenditures to be financed (exclusive of Taxes)
(1) Goods, works, non-consulting services, and consultants' services for:		100%
(a) Part 3 of the Project	310,000	
(b) other Parts of the Project	29,592,500	
(2) Incremental Operating Costs	220,000	100%
(3) Refund of the Preparation Advance	800,000	Amount payable pursuant to Section 2.07 (a) of the General Conditions
(4) Front-end Fee	77,500	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
TOTAL AMOUNT	<u>31,000,000</u>	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

- (a) for payments made prior to the date of this Agreement; or
- (b) under Category (1)(a) until the Co-financing Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Borrower to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.

2. The Closing Date is May 31, 2018.

Section V. Other Undertakings

1. The Borrower, through MAFCP and MEFWA:
 - (a) shall prepare a project operations manual, satisfactory to the Bank, which shall include: (i) policies and procedures for the implementation of Project activities; (ii) procurement procedures as set forth in Section III of this Schedule; (iii) monitoring and reporting requirements and financial management procedures, including audit procedures as set forth in Section II of this Schedule; (iv) the Environmental and Social Safeguard Framework; and (v) the Resettlement Policy Framework.
 - (b) shall carry out the Project, and cause the Project to be carried out, in accordance with the project operations manual that the Bank has confirmed to be satisfactory ("Project Operations Manual"); and
 - (c) shall not amend, delete, suspend, or waive any part of the Project Operations Manual, without the prior approval of the Bank.
2. The Borrower agrees that any change to the Detailed Cost Table shall be agreed among MOF, MAFCP and MEFWA prior to implementation of such change.

SCHEDULE 3

Amortization Schedule

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date ("Installment Share"). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date[, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

Principal Payment Date	Installment Share (Expressed as a Percentage)
On each February 15 and August 15 Beginning February 15, 2020 through February 15, 2035	3.13%
On August 15, 2035	2.97%

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:
 - (a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.
 - (b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date ("Original Installment Share") and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any

amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.
- (b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.
4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.
5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

APPENDIX

Section I. Definitions

1. “Anti-Corruption Guidelines” means 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. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
3. “Co-financier” means Sweden.
4. “Co-financing” means, for purposes of paragraph 16 of the Appendix to the General Conditions, an amount equivalent to five million Dollars to be provided by the Co-financier to assist in financing the Project.
5. “Co-financing Agreement” means the agreement to be entered into between the Borrower and the Co-financier providing for the Co-financing.
6. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011.
7. “Detailed Cost Table” means the detailed cost table dated October 10, 2012 agreed among MOF, MAFCP and MEFWA.
8. “Displaced Persons” means persons who, on account of the execution of the Project, have experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such persons must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such persons.
9. “Environmental and Social Safeguard Framework” means the Environmental and Social Safeguard Framework dated October 1, 2012, which sets out the policies and procedures for the screening of proposed Project activities (including, rehabilitation and modernization of dams and irrigation and drainage systems), and for the preparation of site-specific environment and social management plans therefor during the implementation of the Project, as such documents may be amended from time to time with the agreement of the Bank.

10. "General Conditions" means the "International Bank for Reconstruction and Development General Conditions for Loans", dated March 12, 2012.
11. "Incremental Operating Costs" means the reasonable incremental administration costs of MAFCP and MEFWA administration associated with the implementation of Project activities, including office maintenance, equipment, furniture, materials and supplies, communication costs and cost of fuel for field trips.
12. "MAFCP" means the Borrower's Ministry of Agriculture, Food and Consumer Protection and any successor thereto.
13. "MEFWA" means the Borrower's Ministry of Environment, Forestry and Water Administration and any successor thereto.
14. "National Water Council" means the National Water Council, which is the central decision making body for water resources management established pursuant to Law No. 8093 dated March 21, 1996.
15. "Panel of Dam Safety Experts" means the panel of five (5) experts in the various technical fields relevant to the safety aspects of the dams included in the Selected Irrigation Systems, which panel was established pursuant to terms of reference acceptable to the Bank, in order to review and advise MAFCP on matters relative to dam safety.
16. "Preparation Advance" means the advance referred to in Section 2.07 (a) of the General Conditions, granted by the Bank to the Borrower pursuant to the letter agreement signed on behalf of the Bank on June 4, 2010, and on behalf of the Borrower on August 26, 2010.
17. "Procurement Guidelines" means 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.
18. "Procurement Plan" means the Borrower's procurement plan for the Project, dated October 10, 2012, and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
19. "River Basin Agencies" means the river basin agencies established pursuant to Law No. 8093 dated March 21, 1996 with responsibilities relating to water resources, including keeping inventories and drafting of proposals for investment and management, with focus on reducing pollution and addressing problems.

20. "River Basin Councils" means the river basin councils established pursuant to Law No. 8093 dated March 21, 1996 with responsibilities as defined by the National Water Council.
21. "Project Operations Manual" means the project operations manual prepared in accordance with paragraph 1 of Section V of Schedule 2 to this Agreement and confirmed to be satisfactory by the Bank and adopted by the Borrower pursuant to Section 4.01(d) of this Agreement.
22. "Resettlement Policy Framework" means, the resettlement policy framework dated October 9, 2012, which framework sets out the policies and procedures for the acquisition of land and other assets, resettlement, compensation and rehabilitation of Displaced Persons, and for the preparation of site-specific resettlement action plans whenever required during the implementation of the Project, as said framework may be amended from time to time with the prior concurrence of the Bank.
23. "Selected Irrigation Systems" means: (a) the following dams and their associated irrigation and drainage systems: T'Plani, Vranishti 2, Tregtani 2, Tregtani 3, Murriz Thana, Kurjani, Strumi, Zharreza, Slanica, Belesova, Duhanasi, Staravecka, Leminoti, and Koshnica; (b) the irrigation and drainage systems of Bushat and Xarrë; and (c) any other dams and/or irrigation and drainage systems agreed between the Borrower and the Bank.