

CONFORMED COPY

CREDIT NUMBER 2544 ALB

Project Agreement

(Labor Market Development Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

TRAINING, ENTERPRISE AND EMPLOYMENT FUND

Dated September 30, 1993

CREDIT NUMBER 2544 ALB

PROJECT AGREEMENT

AGREEMENT, dated September 30, 1993, between INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) and TRAINING, ENTERPRISE AND EMPLOYMENT FUND (TEEF).

WHEREAS (A) by the Development Credit Agreement of even date herewith between Albania (the Borrower) and the Association, the Association has agreed to make available to the Borrower an amount in various currencies equivalent to three million nine hundred thousand Special Drawing Rights (SDR 3,900,000), on the terms and conditions set forth in the Development Credit Agreement, but only on condition that TEEF agree to undertake such obligations toward the Association as are set forth in this Agreement;

(B) a portion of the proceeds of the credit provided for under the Development Credit Agreement will be made available to TEEF in accordance with arrangements satisfactory to the Association; and

WHEREAS TEEF, in consideration of the Association's entering into the Development Credit Agreement with the Borrower, has agreed to undertake the obligations set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Definitions

Section 1.01. Unless the context otherwise requires, the several terms defined in the Development Credit Agreement and in the General Conditions (as so defined) have the respective meanings therein set forth.

ARTICLE II

Execution of the Project

Section 2.01. (a) TEEF declares its commitment to the objectives of the Project as set forth in Schedule 2 to the Development Credit Agreement, and, to this end, shall carry out Part C of the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering practices, and shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for Part C of the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Association and TEEF shall otherwise agree, TEEF shall carry out Part C of the Project in accordance with the Implementation Program set forth in Schedule to this Agreement.

Section 2.02. Except as the Association shall otherwise agree, procurement of the goods, works, and consultant's services required for Part C of the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 3 to the Development Credit Agreement.

Section 2.03. TEEF shall carry out the obligations set forth in Sections 9.03, 9.04, 9.05, 9.06, 9.07 and 9.08 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of the Project Agreement and Part C of the Project.

Section 2.04. (a) TEEF shall, at the request of the Association, exchange views with the Association with regard to the progress of Part C of the Project, the performance of its obligations under this Agreement, and other matters relating to the purposes of the Credit.

(b) TEEF shall promptly inform the Association of any condition which interferes or threatens to interfere with the progress of Part C of the Project, the accomplishment of the purposes of the Credit, or the performance by TEEF of its obligations under this Agreement.

ARTICLE III

Management and Operations of TEEF

Section 3.01. TEEF shall carry on its operations and conduct its affairs in accordance with sound administrative and financial practices under the supervision of qualified and experienced management assisted by competent staff in adequate numbers.

Section 3.02. TEEF shall at all times operate and maintain its plant, machinery, equipment and other property, and from time to time, promptly as needed, make all necessary repairs and renewals thereof, all in accordance with sound engineering and financial practices.

Section 3.03. TEEF shall take out and maintain with responsible insurers, or make other provision satisfactory to the Association for, insurance against such risks and in such amounts as shall be consistent with appropriate practice.

ARTICLE IV

Financial Covenants

Section 4.01. (a) TEEF shall maintain records and accounts adequate to reflect in accordance with sound accounting practices its operations and financial condition.

(b) TEEF shall:

- (i) have its records, accounts and financial statements (balance sheets, statements of income and expenses and related statements)

for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;

(ii) furnish to the Association as soon as available, but in any case not later than six months after the end of each such year, (A) certified copies of its financial statements for such year as so audited, and (B) the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and

(iii) furnish to the Association such other information concerning said records, accounts and financial statements as well as the audit thereof, as the Association shall from time to time reasonably request.

ARTICLE V

Effective Date; Termination; Cancellation and Suspension

Section 5.01. This Agreement shall come into force and effect on the date upon which the Development Credit Agreement becomes effective.

Section 5.02. (a) This Agreement and all obligations of the Association and of TEEF thereunder shall terminate on the earlier of the following two dates:

- (i) the date on which the Development Credit Agreement shall terminate in accordance with its terms; or
- (ii) the date twenty years after the date of this Agreement.

(b) If the Development Credit Agreement terminates in accordance with its terms before the date specified in paragraph (a) (ii) of this Section, the Association shall promptly notify TEEF of this event.

Section 5.03. All the provisions of this Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the General Conditions.

ARTICLE VI

Miscellaneous Provisions

Section 6.01. Any notice or request required or permitted to be given or made under this Agreement and any agreement between the parties contemplated by this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable, telex or radiogram to the party to which it is required or permitted to be given or made at such party's address hereinafter specified or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:

For the Association:

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

Cable address:

INDEVAS
Washington, D.C.

Telex:

248423 (RCA)
82987 (FTCC)
64145 (WUI) or
197688 (TRT)

For TEEF:

Ministria e Punes
Rruga "Konferenca e Pezes"
Tirana, Albania

Section 6.02. Any action required or permitted to be taken, and any document required or permitted to be executed, under this Agreement on behalf of TEEF may be taken or executed by the General Director of TEEF or such other person or persons as the General Director of TEEF shall designate in writing, and TEEF shall furnish to the Association sufficient evidence of the authority and the authenticated specimen signature of each such person.

Section 6.03. This Agreement may be executed in several counterparts, each of which shall be an original, and all collectively but one instrument.

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ K. Dervis

Acting Regional Vice President
Europe and Central Asia

TRAINING, ENTERPRISE AND EMPLOYMENT FUND

By /s/ G. Ruli

Authorized Representative

SCHEDULE

Implementation Program

The provisions of this Schedule shall apply for the purposes of Section 2.01 (b) of this Agreement.

1. TEEF shall carry out the Sub-projects under Part C of the Project through the Requesting Entities, and, to this end, without limitation upon its other obligations under this Agreement, TEEF shall:

(a) adopt and maintain regulations, acceptable to the Association (the Regulations), defining its organization, management, purposes, functions, powers, scope of operations, and other matters relating to the operational policies of TEEF which may be necessary for the implementation of Decision No. 220 or of the Project, including eligibility criteria for Sub-projects acceptable to the Association;

(b) make available to the Requesting Entities the Sub-grants under the terms and conditions referred to in the Regulations, obtaining prior approval of the Association for: (i) Sub-projects above \$100,000; and (ii) Sub-projects below \$100,000 until TEEF's review and management mechanisms are satisfactory to the Association; and

(c) exercise its rights in such a manner as to protect the interest of the Association and TEEF and to accomplish the purposes of the Credit.

2. TEEF shall:

(a) coordinate and monitor the overall execution of Part C of the Project and supervise the carrying out by the Requesting Entities of their obligations in accordance with policies and procedures satisfactory to the Association; and

(b) carry out a mid-term review not later than June 30, 1995 evaluating the progress of the Project.

