

CONFORMED COPY

CREDIT NUMBER 4206 ALB

Financing Agreement

(Avian Influenza Control and Human Pandemic
Preparedness and Response Project)

between

ALBANIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 11, 2006

CREDIT NUMBER 4206 ALB

FINANCING AGREEMENT

AGREEMENT dated July 11, 2006, between ALBANIA (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). The Recipient and the Association 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 the Financing Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II - FINANCING

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to three million five hundred thousand Special Drawing Rights (SDR 3,500,000) (“Credit”) to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section V of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 2.05. The Payment Dates are May 1 and November 1 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with repayment schedule set forth in Schedule 3 to this Agreement.
- 2.07. The Payment Currency is Dollars.

ARTICLE III - PROJECT

- 3.01. The Recipient declares its commitment to the objectives of the Project, which is part of the Association's Global Program for Avian Influenza Control and Human Pandemic Preparedness and Response, designed to help countries in prevention, containment, control and eradication of avian influenza. To this end, the Recipient, through the Ministry of Agriculture, Food and Consumer Protection and the Ministry of Health, shall carry out the Project in accordance with the provisions of Article IV of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV - REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension consists of the following, namely that:
- (i) Subject to subparagraph (ii) of this paragraph, the right of the Recipient to withdraw the proceeds of the Co-financing Grant shall have been suspended, cancelled or terminated in whole or in part, pursuant to the terms of the Co-financing Grant Agreement.
 - (ii) Subparagraph (i) of this paragraph shall not apply if the Recipient establishes to the satisfaction of the Association that: (A) such suspension, cancellation or termination is not caused by the failure of the Recipient to perform any of its obligations under the Co-financing Grant Agreement; and (B) adequate funds for the Project are available to the Recipient from other sources on terms and conditions consistent with the obligations of the Recipient under the Co-financing Grant Agreement.

ARTICLE V - EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) the Annual Work Program for the first year of the implementation of the Project, satisfactory to the Association, has been prepared and adopted by the Recipient;

- (b) the Project Operational Manual, satisfactory to the Association, has been adopted by the Recipient;
- (c) the Environmental Management Plan, acceptable to the Association, has been adopted by the Recipient; and
- (d) the Co-financing Grant Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of the Financing Agreement) have been fulfilled.

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

ARTICLE VI - REPRESENTATIVE; ADDRESSES

6.01. The Recipient's Representative is the Minister of Finance.

6.02. The Recipient's Address is:

Ministry of Finance
Bulevardi "Deshmoret e Kombit"
Tirana, Albania

Facsimile:
+355 42 28494

6.03. The Association's Address is:

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

Cable:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI) or 64145 (MCI)	1-202-477-6391

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

ALBANIA

By /s/ Ridvan Bode

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Nadir Mohammed

Authorized Representative

SCHEDULE 1

Project Description

The objectives of the Project are to strengthen the country's capacity to: (i) prevent the spread of Highly Pathogenic Avian Influenza (HPAI) among poultry; (ii) prevent the transmission of HPAI from birds to other animals and humans; and (iii) prepare for a potential pandemic of HPAI transmissible between humans.

The Project consists of the following parts, subject to such modifications thereof as the Recipient and the Association may agree upon from time to time to achieve such objectives:

Part I: Public Awareness and Information Campaign

Provision of technical assistance, training and goods to the Avian Influenza Task Force to: (a) conduct an information campaign aimed at informing the general public about the status of HPAI and about ways to minimize the risk of transmission and spread of HPAI, and implement relevant activities for effective coordination and collaboration among stakeholders; and (b) develop and implement a public information and communications plan.

Part II: Animal Health

1. Provision of technical assistance and goods to: (a) develop implementing legislation, regulations and protocols in the area of veterinary service and inspectorate; (b) improve the Recipient's national plan on pandemic influenza; and (c) support the planning and implementation of a pilot study aimed at improving poultry sector management.
2. Provision of technical assistance, training, goods and works to: (a) strengthen veterinary epidemiological surveillance, through the creation of a National Veterinary Epidemiological Unit (NVEU) within the MAFCP; (b) strengthen diagnostic capacity and improve bio-safety levels within the Institute of Veterinary Research; and (c) improve animal disease information systems.
3. Provision of technical assistance, training, goods and works to support activities foreseen under HPAI control programs and outbreak containment programs, including: (a) culling of infected and at-risk poultry; (b) disposal of carcasses and potentially infective materials in a bio-secure and environmentally acceptable manner; (c) provision of bio-safety and other appropriate protective clothing to veterinary personnel and laboratory workers; and (d) establishment and operation of a Compensation Fund for the provision of compensation to poultry owners for poultry culled by Governmental order.

Part III: Human Health

1. Provision of technical assistance for enhancing public health program planning and coordination, through: (a) strengthening command and coordination mechanisms within the health sector; (b) revising the Ministry of Health's contingency plan; (c) preparing a detailed plan defining operational priorities and identifying roles and responsibilities at each level of the health system; and (d) developing an implementation plan for "social distancing" and "hospital clean-out" measures in the case of an epidemic.
2. Provision of technical assistance, training and goods to: (a) strengthen the national public surveillance system of the National Influenza Laboratory; and (b) support the capacity of the IPH and regional epidemiological investigation and response teams.
3. Provision of technical assistance, training, goods and works to strengthen the health system response capacity, through: (a) acquisition and provision of vaccines against seasonal and avian influenza; (b) acquisition of anti-virals and developing guidelines for their use; and (c) strengthening the capacity of medical service providers to isolate and treat patients with severe communicable diseases.

Part IV: Project Implementation Support for the Avian Influenza Task Force

1. Provision of technical assistance, goods and training to maintain a permanent Secretariat within the Avian Influenza Task Force with full-time staff in charge of Project management.
2. Provision of technical assistance to support Project monitoring and evaluation capacities, including the development of an action plan for monitoring and evaluation of the Project.

SCHEDULE 2

Project Execution

Section I. Institutional Arrangements

1. The Avian Influenza Task Force (AITF) shall be responsible for overall Project implementation, monitoring and inter-agency coordination. It shall have a permanent Secretariat, located in the MAFCP, headed by two Project Coordinators. The Project Coordinators shall be full-time staff in charge of implementation of, and coordination for, Parts I, II and III of the Project, respectively. In particular, the Project Coordinators shall be responsible for: (i) managing implementation of the MAFCP's and the MoH's activities under the Project, and liaising with responsible agencies at regional, municipal and communal levels; (ii) coordinating with relevant Ministries to provide guidance and monitor Project implementation at the central level; and (iii) preparing Annual Work Programs, budgets and reports.

2. The Recipient, through the MAFCP and the MOH, shall maintain the AITF, including the permanent Secretariat of the AITF and the Project Coordinators, throughout the implementation of the Project under terms of reference satisfactory to the Association and with sufficient and suitable human, financial and technical resources.

3. The MAFCP shall be responsible for procurement and financial management activities under the Project. The Recipient shall ensure that procurement and financial management activities for the project shall be carried out by the MAFCP under terms of reference satisfactory to the Association and with sufficient and suitable human, financial and technical resources.

Section II. Implementation Covenants

1. The Recipient shall carry out the obligations in accordance with the Project Operational Manual and the Environmental Management Plan, and shall not amend, suspend, abrogate, repeal or waive any provision of the Project Operational Manual or the Environmental Management Plan without prior approval of the Association.

2. The Recipient, through the MoH and the MAFCP, shall, not later than June 30 of each year, during the implementation of the Project, starting June 30, 2007, submit to the Association an Annual Work Program for the following calendar year, and shall agree with the Association on steps to be taken in the following calendar year.

Section III. Project Monitoring, Reporting, Evaluation

A. Project Reports

1. The Recipient, through the MAFCP and the MoH, shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators agreed with the Association. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Association not later than one (1) month after the end of the period covered by such report.

2. Without limitation on the provisions in paragraph 1 of this Sub-section, the Recipient shall:

(a) prepare, under terms of reference satisfactory to the Association, and furnish to the Association, on or about December 31, 2007, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph 1 of this Section, on the progress achieved in the carrying out of the Project during the period preceding the date of said report, and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date;

(b) review with the Association, by January 30, 2008, or such later date as the Association shall determine, the report referred to in paragraph (a) of this Section, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Association's views on the matter; and

(c) prepare and submit to the Association an action program, acceptable to the Association, for the further implementation of the Project having regard to the findings of the report referred to in paragraph (a) and, thereafter, implement such action program.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than one (1) month after the end of each calendar quarter, interim un-audited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial

Statements shall cover the period of one (1) fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

Section IV. Procurement

A. General

1. **Goods and Works.** All goods required for the Project and to be financed out of the proceeds of the Credit 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 Schedule.

2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Credit 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 Schedule.

3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Works

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

<u>Procurement Method</u>
(a) National Competitive Bidding - with the modifications set forth in paragraph 3 below
(b) Shopping
(c) Limited International Bidding
(d) Procurement from United Nations Agencies

3. **National Competitive Bidding - Improvement of Bidding Procedures.** In order to ensure economy, efficiency, transparency and broad consistency with the

provision of Section I of the Procurement Guidelines, the Recipient's National Competitive Bidding Procedures shall be improved as follows:

- (i) "Open Tendering" procedures as defined in Public Procurement Law of Albania shall apply to all contracts;
- (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;
- (iii) Procuring entities shall use sample bidding documents approved by the Association;
- (iv) in case of higher bid prices compared to the official estimate, all bids shall not be rejected without the prior concurrence of the Association;
- (v) a single-envelope procedure shall be used for the submission of bids;
- (vi) 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;
- (vii) bidders who contract as a joint venture shall be held jointly and severally liable;
- (viii) 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;
- (ix) post-bidding negotiations shall not be allowed with the lowest evaluated or any other bidders; and
- (x) contracts of long duration (more than eighteen (18) months) shall contain appropriate price adjustment provisions.

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 table specifies methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<u>Procurement Method</u>
(a) Individual Consultants
(b) Selection Based on Consultants' Qualification
(c) Single Source Selection
(d) Fixed Budget Selection

D. Review by the Association of Procurement Decisions

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

Section V. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of this Section and such additional instructions as the Association may specify by notice to the Recipient, 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 Financing ("Category"), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed
(1) Goods, works, Operating Costs and Compensation Fund	3,100,000	100%
(2) Consultants' services and Training	200,000	100%
(3) Eligible Imported Goods required for the Project as specified in Section V.C of this Schedule 2	200,000	100%
TOTAL AMOUNT	<u>3,500,000</u>	

B. Withdrawal Conditions; Withdrawal Period

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

(a) payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed SDR 200,000 may be made for payments made prior to this date but on or after May 1, 2006; and

(b) expenditures under Category (3) in the table in Section V.A.2 of Schedule 2 to this Agreement, unless:

(i) a national emergency on Avian Influenza has been declared by the Recipient and a well-defined emergency recovery program, satisfactory to the Association, has been adopted by the Recipient;

- (ii) for goods supplied under a contract which any national or international financing institution or agency other than the Association shall have financed or agreed to finance or which the Association has financed or agreed to finance under another Grant or Credit; and
- (iii) in excess of an aggregate amount equivalent to 50% of the amount of the Financing for any category of eligible imports specified in Section V.C of Schedule 2 to this Agreement without prior approval by the Association.

2. The Closing Date is June 30, 2009.

C. List of Eligible Imported Goods to be Financed in National Emergencies under the Credit

- 1. Pharmaceuticals and vaccines
- 2. Medical and veterinary supplies and equipment
- 3. Protective clothing and gear

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each May 1 and November 1:	
commencing November 1, 2016 to and including May 1, 2026	5%

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.

APPENDIX

Definitions

1. “Annual Work Program” means the annual plan of activities supported by the Project to be carried out in each calendar year, as prepared by the Recipient and agreed between the Recipient and the Association pursuant to Section II.2 of Schedule 2 to this Agreement.
2. “Avian Influenza Task Force” or “AITF” means the inter-ministerial and inter-sectoral decision making body chaired by the Deputy Minister of Agriculture, Food and Consumer Protection, and composed of representatives from various Ministries, established in October 2005.
3. “Category” means a category set forth in the table in Section V of Schedule 2 to this Agreement.
4. “Co-financing Grant” means an amount of eight hundred thousand Dollars to be contracted between the Recipient and the Association, acting as an administrator for the Government of Japan, to assist in financing the Project.
5. “Co-financing Grant Agreement” means the agreement to be entered into between the Recipient and the Association, as an administrator of the funds provided by the Government of Japan for the Co-financing Grant.
6. “Compensation Fund” means the fund to be established by the Recipient out of the proceeds of the Credit, and to be financed and operated according to the principles and procedures set forth in the POM, utilized to pay compensation to poultry owners for poultry culled; and referred to in Part II.3 (d) of Schedule 1 to this Agreement.
7. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004.
8. “Contingency Plan for Avian Influenza” means the plan for addressing avian influenza prepared by the Government of the Recipient with the assistance of the World Health Organization and United Nations agencies dated March 6, 2006.
9. “Environmental Management Plan” means the plan consisting of the set of mitigation, monitoring, and institutional measures to be taken to eliminate adverse environmental and social impacts, offset them, or reduce them to acceptable levels, as well as actions needed to implement these measures.
10. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005.

11. “HPAI” means Highly Pathogenic Avian Influenza.
12. “Institute of Veterinary Research” means the Recipient’s institute for veterinary research established in 1928, by the Government of Albania, and includes any successor thereto.
13. “IPH” means the Recipient’s Institute of Public Health (*Instituti i Shendetit Publik*), established pursuant to the Decision by the Council of Ministers No. 19 of April 22, 1968.
14. “Ministry of Agriculture, Food and Consumer Protection” or “MAFCP” means the Ministry of Agriculture, Food and Consumer Protection of the Recipient and includes any successor or successors thereto.
15. “Ministry of Health” or “MoH” means the Ministry of Health of the Recipient and includes any successor or successors thereto.
16. “National Influenza Laboratory” means the Recipient’s central laboratory for influenza, established in October 1970, by the IPH.
17. “Operating Costs” means the incremental expenses incurred by the MAFCP, the MoH and the Secretariat of the AITF on account of the Project implementation including the costs of communication, printing and publications, supplies, vehicle operation and maintenance, bank charges, local travel costs and field trip expenses, office rentals, and utilities, all based on an annual budget to be prepared by the Secretariat of the AITF, which shall have been approved by the Association.
18. “Procurement Guidelines” means the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004.
19. “Procurement Plan” means the Recipient’s procurement plan for the Project dated April 28, 2006, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
20. “Project Coordinators” means the two Project coordinators competitively selected by the AITF.
21. “Project Operational Manual” means the manual describing: (i) procedures for implementation of the Project, consistent with the provisions of this Agreement and with the national laws and regulations of the Recipient and including, *inter alia*: (ii) procedures governing administrative, procurement, accounting, financial management, including adequate measures for procurement and forensic audits, and monitoring and evaluation arrangements; (iii) sample formats for annual

reports; (iii) the projected Annual Work Programs for three calendar years; and (iv) principles and procedures for financing and operating of the Compensation Fund referred to in Part II.3 (d) of Schedule 1 to this Agreement.

22. "Training" means expenditures incurred on account of Project related study tours, training courses, seminars, workshops and other training activities, including travel and per diem costs of trainees and trainers.