

CONFORMED COPY

GEF TRUST FUND GRANT NUMBER TF091937 ALB

Global Environment Facility Trust Fund Grant Agreement

(Lake Skadar-Shkoder Integrated Ecosystem Management Project)

between

ALBANIA

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**
acting as an Implementing Agency of the Global Environment Facility

Dated July 1, 2008

GEF TRUST FUND GRANT NUMBER TF091937 ALB

GLOBAL ENVIRONMENT FACILITY GRANT AGREEMENT

AGREEMENT dated July 1, 2008, entered into between: ALBANIA (“Recipient”); and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“World Bank”), acting as an implementing agency of the Global Environment Facility (“GEF”).

The Recipient and the World Bank hereby agree as follows:

**Article I
Standard Conditions; Definitions**

- 1.01. The Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 20, 2006 (“Standard Conditions”) 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 Standard Conditions or this Agreement.

**Article II
The Project**

- 2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement (“Project”). To this end, the Recipient shall carry out the Project through the MEFWA in accordance with the provisions of Article II of the Standard Conditions.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank 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 III
The Grant**

- 3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to one million nine hundred ninety thousand United States Dollars (\$1,990,000) (“Grant”) to assist in financing the Project.

- 3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.

**Article IV
Additional Remedies**

- 4.01. The Additional Events of Suspension referred to in Section 4.02 (i) of the Standard Conditions consist of the following:
- (a) The Recipient has failed to perform any of its obligations under this Agreement or the Bilateral Agreement.
 - (b) As a result of events which have occurred after the date of this Agreement, an extraordinary situation shall have arisen which shall make it improbable that the Recipient shall be able to perform its obligations under this Agreement or the Bilateral Agreement, or that the SLC shall be able to perform its respective obligations under the Bilateral Agreement.
 - (c) The World Bank has suspended in whole or in part the right of the Montenegro to make withdrawals under the Montenegro GEF Agreement, because of a failure by Montenegro to perform any of its obligations under such Agreement.
 - (d) The World Bank has determined after the Effective Date referred to in Section 5.03 of this Agreement that prior to such date but after the date of this Agreement, an event has occurred which would have entitled the World Bank to suspend the Recipient's right to make withdrawals from the Grant Account if this Agreement had been effective on the date such event occurred.

**Article V
Effectiveness; Termination**

- 5.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the conditions specified below have been satisfied:
- (a) The execution and delivery of this GEF Grant Agreement on behalf of the Recipient has been duly authorized or ratified by all necessary governmental action.
 - (b) The Project Implementation Manual, satisfactory to the World Bank, has been adopted by the Recipient.

- (c) The Montenegro GEF Agreement has been executed and delivered and all conditions precedent to its effectiveness, except only the effectiveness of this GEF Agreement between Albania and the World Bank, have been fulfilled.
- 5.02. As part of the evidence to be furnished pursuant to Section 5.01 (a), there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank or, if the World Bank so requests, a certificate satisfactory to the World Bank of a competent official of the Member Country, showing on behalf of the Recipient, that this Agreement has been duly authorized or ratified by, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms
- 5.03. Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 5.01 (“Effective Date”). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.
- 5.04. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date ninety (90) days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

Article VI
Recipient’s Representative; Addresses

- 6.01. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Minister of Finance.
- 6.02. The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Finance
Bulevardi “Deshmoret e Kombit”
Tirana, Albania

Facsimile:

355 42 28494

- 6.03. The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

International Bank for Reconstruction and Development
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 Podgorica, Montenegro, as of the day and year first above written.

ALBANIA

By /s/ Sherefedin Shehu

Authorized Representative

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**
acting as an Implementing Agency of the
Global Environment Facility

By /s/ Camille Nuamah

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to help establish and strengthen institutional mechanisms for transboundary cooperation through joint efforts to improve sustainable management of Lake Skadar-Shkoder.

The Project consists of the following parts:

Part A: Capacity Building for Improved Understanding and Joint Management of Lake Skadar-Shkoder

Establish and strengthen the institutional structures for cooperative management of Lake Skadar-Shkoder, including operationalization of the SLC, the SLC Working Groups, and the SLC Secretariat, and support the SLC Working Groups in the implementation of their work programs.

Part B: Promoting Sustainable Use of Lake Skadar-Shkoder

Promote and support environmentally and socially sustainable approaches to tourism and fisheries management, including the improvement of nature and culture based facilities, and development of a lake-wide stock assessment and fishery management plan.

Part C: Catalyzing Pollution Reduction Investments

1. Develop a small-scale waste-water treatment system at Vranjina.
2. Support in the preparation of an environmental remediation plan for the KAP solid waste dump site.
3. Restoration of the lakeshore ecosystem.

SCHEDULE 2**Project Execution****Section I. Institutional and Other Arrangements****A. Institutional Arrangements**

The Recipient shall carry out the Project in accordance with the following institutional arrangements:

1. The SLC, with the technical advice of the SLC Working Groups and the assistance of the SLC Secretariat, shall be responsible for coordinating work between the Recipient and Montenegro under the Project and for providing technical advice in a manner consistent with the Bilateral Agreement.
2. The MEFWA, through the MEFWA PMU, shall have responsibility for implementation, project reporting, procurement, financial management and environmental management activities of Parts A, B and C3 of the Project, with the technical assistance of the MTCYS, the Municipality of Shkodra and the SLMNR Management Unit for Part B of the Project.

B. Implementation Covenants

1. The Recipient shall maintain the SLC, the SLC Working Groups, the SLC Secretariat, and the MEFWA PMU at all times during Project implementation, with terms of reference and resources satisfactory to the World Bank, and with competent staff in adequate numbers.
2. The Recipient, through the SLC, the SLC Working Groups, the SLC Secretariat and the MEFWA PMU shall:
 - (a) duly perform all obligations under the Project Implementation Manual, the Framework EIA, the EMPs and the Process Framework in a timely manner and in accordance with their respective terms, and apply and implement, as the case may be, the actions, criteria, policies, procedures and arrangements therein set forth; and
 - (b) not amend or waive, or permit to be amended or waived the Project Implementation Manual, the Framework EIA, the EMPs or the Process Framework or any provisions of any one thereof, except with the prior written approval of the World Bank.
3. Not later than January 1, 2009, the Recipient shall establish and staff the SLMNR Management Unit in a manner and with a composition and terms of reference satisfactory to the World Bank.

4. Prior to the commencement of any works under Parts B and C3 of the Project, the Recipient shall prepare for each site a site-specific EMP in a manner satisfactory to the World Bank.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. The Recipient shall 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 agreed with the World Bank. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the World Bank not later than one (1) month after the end of the period covered by such report.
2. The Recipient 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 (6) months after the Closing Date.

B. Financial Management; Financial Reports; Audits

1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.
2. The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.
3. The Recipient shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07(b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. **Procurement and Consultant Guidelines.** All goods, works and 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:

- (a) Section I of the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the World Bank in May 2004 (“Procurement Guidelines”) in the case of goods and works, and Sections I and IV of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the World Bank in May 2004 (“Consultant Guidelines”) in the case of consultants’ services; and
- (b) the provisions of this Section III, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines (“Procurement Plan”).

2. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the World Bank 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 methods, other than International Competitive Bidding, may be used for procurement of goods and works for those contracts specified in the Procurement Plan:

Procurement Method
(a) National Competitive Bidding - with the modifications set forth in paragraph 3 below
(b) Shopping
(c) Direct Contracting

3. **Modifications to the Recipient’s National Competitive Bidding Procedures:**

The National Competitive Bidding procedures shall be based on the Open Tendering procedures as defined in the Public Procurement Law of Albania, and the following additional provisions:

- (a) "Open Tendering" procedures as defined in the Procurement Law of Albania shall apply to all contracts;
- (b) 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;
- (c) procuring entities shall use sample bidding documents approved by the World Bank;
- (d) in case of higher bid prices compared to the official estimate, all bids shall not be rejected without the prior concurrence of the World Bank;
- (e) a single-envelope procedure shall be used for the submission of bids;
- (f) 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;
- (g) bidders who contract as a joint venture shall be held jointly and severally liable;
- (h) 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;
- (i) post-bidding negotiations shall not be allowed with the lowest evaluated or any other bidders; and
- (j) contracts of long duration (more than 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 methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants' services for those assignments which are specified in the Procurement Plan: (a) Least Cost Selection; (b) Selection under a Fixed Budget; (c) Selection based on Consultants' Qualifications; (d) Single-source Selection; (e) Selection of Individual Consultants.

D. Review by the World Bank of Procurement Decisions

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

Section IV. Withdrawal of Grant Proceeds

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of (a) Article III of the Standard Conditions, (b) this Section, and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, 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 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 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 USD)	Percentage of Expenditures to be Financed
(1) Goods, Consultants' Services, Operating Costs and Training for Parts A, B and C3 of the Project, and Works for Part A of the Project	1,560,000	100%
(2) Works in Parts B and C3 of the Project	430,000	100%
TOTAL AMOUNT	<u>1,990,000</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, except that withdrawals up to an aggregate amount not to exceed \$100,000 equivalent may be made for payments made prior to this date but on or after November 1, 2007, for Eligible Expenditures under Category 1; or
 - (b) under Category 2 unless the respective EMP has been prepared in accordance with paragraph 4 of Section IB of Schedule 2 to this Agreement; or
2. The Closing Date referred to in Section 3.06(c) of the Standard Conditions is September 30, 2012.

APPENDIX

Definitions

1. “Bilateral Agreement” means the “Agreement Between the Ministry of Tourism and Environment of Montenegro and the Ministry of Environment, Forestry and Water Administration of Albania for the Protection and Sustainable Development of the Shkadar/Shkodra Lake”, dated February 28, 2008.
2. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
3. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004.
4. “EMPs” mean the environmental management plans to be prepared by the Recipient pursuant to paragraph 4 of Section IB of Schedule 2 of this Agreement, satisfactory to the World Bank, and 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, for the Project; and “EMP” refers to one such Environmental Management Plan.
5. “Framework EIA” means the framework environmental impact assessment prepared by the Recipient, and satisfactory to the World Bank, dated May 2007, and included in the environment section of the Project Implementation Manual, describing the rules, guidelines and procedures to assess environmental impacts and defining measures to reduce, mitigate or offset adverse environmental impacts of investments under the Project, including transboundary impacts and international obligations, and to enhance the positive impacts of such investments, as the same may be amended from time to time with the prior written approval of the World Bank.
6. “KAP” means the Kombinat Aluminjuma Podgorica, a privately-owned joint stock company of Montenegro engaged in aluminium production, and registered by the Commercial Court of Montenegro on November 30, 2005, or any successor or successors thereto.
7. “MEFWA” means the Ministry of Environment, Forests and Water Administration of the Recipient and includes any successor or successors thereto.
8. “MEFWA PMU” means the project management unit within the MEFWA responsible for Project implementation pursuant to Schedule 2 of this Agreement, and which shall include the following staff, whose qualifications and terms of reference shall be satisfactory to the World Bank (i) a project director; (ii) a

project coordinator; (iii) a procurement specialist; and (iv) a financial management specialist.

9. “Montenegro GEF Agreement” means the GEF Trust Fund Grant Agreement between Montenegro and the World Bank, and dated the same date as this Agreement.
10. “MTEP” means the Ministry of Tourism and Environmental Protection of Montenegro and includes any successor or successors thereto.
11. “MTYCS” means the Recipient’s Ministry for Tourism, Culture, Youth and Sport and includes any successor or successors thereto.
12. “Municipality of Shkodra” means the Recipient’s Municipality of Shkodra, established pursuant to the Law On the Administrative and Territorial Divisions of Local Governance Units in Albania, dated July 31, 2000, and published in Official Gazette No. 26/2000.
13. “Operating Costs” means the reasonable and necessary incremental expenditures related to the operation of MEFWA PMU, the SLC, the SLC Working Groups, and the SLC Secretariat respectively, including on account of Project implementation, management, coordination, and monitoring and evaluation, as approved by the World Bank on the basis of budgets acceptable to the World Bank, which would not have been incurred absent the Project and include, *inter alia*, the costs of: (i) maintenance and operation of equipment and vehicles procured or used for the management of the Project; (ii) travel costs and per diems; (iii) consumable office supplies; (iv) communication, printing and publications; (v) costs of translation and interpretation; and (vi) bank charges; and other miscellaneous costs as may be agreed with the World Bank from time to time.
14. “Process Framework” means the Resource Access Restriction Process Framework for the Lake Shkoder Integrated Ecosystems Management Project, adopted by the Recipient on March 15, 2007, and satisfactory to the World Bank, to guide the mitigation of potential negative impacts on the livelihoods on populations resident near Lake Skadar-Shkoder, as the same may be modified from time to time by agreement between the Recipient and the World Bank.
15. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004.
16. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated April 23, 2008, 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.

17. “Project Implementation Manual” means the manual, to be prepared by the Recipient and satisfactory to the World Bank, [referred to in sub-paragraph \(b\) of Section 5.01 of this Agreement](#), setting forth the operational and administrative responsibilities, procedures and rules for the implementation of the Project, and including the Framework EIA, and financial management arrangements for the Project, as the same may be amended and supplemented from time to time with the World Bank’s prior written approval.
18. “SLMNR Management Unit” means the management unit of the Shkoder Lake Managed Nature Reserve to be established and convened pursuant to paragraph 3 of Section IB of Schedule 2 of this Agreement.
19. “SLC” means the Skadar/Shkodra Lake Commission, a bilateral body to be established and composed in accordance with Article 5 of the Bilateral Agreement as a forum for coordination on issues of lake management, and supported by the SLC Working Groups and the SLC Secretariat.
20. “SLC Secretariat” means the Secretariat, based in Shkodra, in Albania, to be established under the SLC to facilitate communications, outreach and administrative reporting to the project director of the MTEP PMU and the project director of the MEFWA PMU, and including the following staff, whose qualifications and terms of reference shall be satisfactory to the World Bank: (i) a Secretariat head; and (ii) an assistant.
21. “SLC Working Groups” means the four working groups of technical specialists and local stakeholders to be convened by the SLC for the purposes of the Project to advise on issues related to lake as follows: (1) Planning and Legal; (2) Monitoring and Research; (3) Communications/Outreach and Sustainable Tourism; and (4) Water Management.
22. “Training” means training activities (other than consultants’ services) to be carried out under the Project, as approved by the World Bank on the basis of annual training and study tour plans acceptable to the World Bank, including the reasonable and necessary local and international travel and visa expenses incurred by participants in training workshops, as well as lodging, subsistence, local and international per diem allowances according to the guidelines of the Recipient, registration, tuition and facilitators’ fees, minor organizational expenses (including costs of stationery, handouts and training materials), translation and interpretation costs, facility rental costs, and other expenditures directly relating to the training workshop and study tour activity, as may be agreed with the Recipient.