

CONFORMED COPY

RELATED TO CREDIT NUMBER 2652 ALB
(TF020031)

Dutch Grant Agreement

(in Conjunction with the Irrigation Rehabilitation Project)

between

ALBANIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

ACTING AS ADMINISTRATOR ON BEHALF OF THE
MINISTER FOR DEVELOPMENT COOPERATION
OF THE NETHERLANDS

Dated December 21, 1994

RELATED TO CREDIT NUMBER 2652 ALB
(TF020031)

DUTCH GRANT AGREEMENT

AGREEMENT, dated December 21, 1994, between ALBANIA (the Beneficiary) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association), acting as Administrator (the Administrator) on behalf of the MINISTER FOR DEVELOPMENT COOPERATION OF THE NETHERLANDS (the Minister).

WHEREAS (A) Pursuant to the Development Credit Agreement (Irrigation Rehabilitation Project), dated September 9, 1994, between Albania (the Beneficiary) and the Association (the Development Credit Agreement), the Association has agreed to extend to the Beneficiary a Credit in an amount in various currencies equivalent to seven million one hundred thousand Special Drawing Rights (SDR 7,100,000) to assist in the financing of a project (the Project) as described in Schedule 2 to the Development Credit Agreement.

(B) Pursuant to the Arrangement for Administration, dated December 11, 1986, entered into between the Minister and the Association (the Administration Arrangement), the Minister has appointed the Association as Administrator of the Grant and has authorized the Association to do all such acts and things as may be necessary or appropriate to carry out such administration, including entering into this Dutch Grant Agreement on behalf of the Minister, and to extend the Grant on the terms and conditions set forth in this Agreement.

(C) The Association has agreed on the basis, inter alia, of the foregoing to

act as Administrator of the Grant.

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the International Development Association, dated January 1, 1985, with the modifications set forth below (the General Conditions) constitute an integral part of this Agreement:

(a) the term "Association", whenever used in the General Conditions, means the Association acting as Administrator of the Grant;

(b) the term "Borrower", whenever used in the General Conditions, means the Beneficiary;

(c) the term "Credit", whenever used in the General Conditions, means the Grant;

(d) the term "Credit Account", whenever used in the General Conditions and herein, means the separate account opened by the Administrator in its books in the name of the Beneficiary pursuant to Section 3.01 (a) of the Administration Arrangement, to which the amount of the Grant is credited;

(e) the term "Development Credit Agreement", whenever used in the General Conditions, means this Dutch Grant Agreement, except that in Section 6.02 (a), the term "Development Credit Agreement" means the IDA Credit Agreement;

(f) Sections 3.02, 3.03, 3.04, 3.05, 4.01, 4.02, 4.03, 4.04, 4.06, Section 6.02 (except paragraph (a) thereof), 7.01, 8.01 (a), 12.05, and the second sentence of Section 5.01, are deleted; and

(g) in Sections 2.01 and 6.02, the term "Association" shall include also the Bank acting in its own capacity.

Section 1.02. Whenever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth; and the term "Netherlands Guilders" and "DFL" mean the currency of the Netherlands.

ARTICLE II

The Grant

Section 2.01. The Administrator agrees to extend to the Beneficiary, on the terms and conditions set forth or referred to in this Agreement and subject to the receipt of the funds to be made available to the Administrator pursuant to Section 1.04 of the Administration Arrangement, a grant in the amount of twelve million three hundred thirty-eight thousand seventy Netherlands Guilders (DFL 12,338,070).

Section 2.02. (a) The amount of the Grant may be withdrawn from the Credit Account in accordance with the provisions of the Schedule to this Agreement, as such Schedule may be amended from time to time by agreement between the beneficiary and the Administrator, for expenditures made (or, if the Administrator shall so agree, to be made) in respect of the reasonable cost of carrying out the Project and to be financed out of the Grant.

(b) Whenever a disbursement from the Credit Account is required to be made in a currency other than Netherlands Guilders for the purposes of this Grant Agreement, the Administrator shall withdraw from the Credit Account an amount in Netherlands Guilders sufficient for the Administrator to purchase the required amount of the appropriate currency.

Section 2.03. Except as the Administrator shall otherwise agree, procurement of the goods and consultants' services required for the Project and to be financed out of the proceeds of the Grant shall be governed by the relevant provisions referred to in Section 3.02 of the Development Credit Agreement.

Section 2.04. The Closing Date shall be December 1, 1997, or such later date as

the Administrator shall establish. The Administrator shall promptly notify the Beneficiary of such later date.

ARTICLE III

Effective Date; Termination; Representative

Section 3.01. (a) This Agreement shall become effective upon the Effective Date of the IDA Credit Agreement, and the Administrator shall promptly notify the Beneficiary of such date.

(b) This Agreement and all obligations of the parties hereto shall terminate if the IDA Credit Agreement shall terminate pursuant to Section 12.04 of the General Conditions for failure to become effective.

Section 3.02. The Minister of Finance of the Beneficiary is designated as representative of the Beneficiary for the purposes of Section 11.03 of the General Conditions.

Section 3.03. The addresses specified in Section 7.02 of the Development Credit Agreement shall be the addresses specified for the purposes of Section 11.01 of the General Conditions.

Section 3.04. Subject to Section 3.01 (b) of this Agreement, this Agreement shall continue in effect until the Grant has been fully disbursed and the parties to this Agreement have fulfilled their obligations hereunder.

ARTICLE IV

Transfer of Rights and Obligations

Section 4.01. In accordance with Section 5.03 of the Administration Arrangement, the rights and obligations of the Administrator under this Agreement may be transferred to the Minister. The Beneficiary accepts and agrees that, upon notice by the Administrator to the Beneficiary to that effect, the Minister shall, ipso facto, from the date specified in such notice, be substituted in all rights and obligations of the Administrator under this Agreement as if the Minister had been an original party to this Agreement, without any further action or formality required on the part of any party, and from such date the Administrator shall cease to have any rights or obligations as a party under this Agreement.

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

ALBANIA

By /s/ Dylber Vrioni

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION
as Administrator on behalf
of the MINISTER FOR DEVELOPMENT
COOPERATION OF THE NETHERLANDS

By /s/ Kemal Dervis

Authorized Representative

SCHEDULE

Withdrawal of the Grant

1. The table below sets forth the Categories of items to be financed out of the Grant, the allocation of the amount of the Grant to each Category and the percentage of expenditures for items so to be financed in each Category:

Category	Amount of the Grant Allocated (Expressed in Netherlands Guilders)	% of Expenditures to be Financed
(1) Goods	4,100,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 85% of local expenditures for other items procured locally
(2) Consultants' services	4,800,000	100%
(3) Incremental operating costs	2,200,000	100%
(4) Unallocated	1,238,070	
	<hr style="width: 100px; margin: 0 auto;"/>	
TOTAL	12,338,070 =====	

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than that of the Beneficiary for goods or services supplied from the territory of any country other than that of the Beneficiary;

(b) the term "local expenditures" means expenditures in the currency of the Beneficiary or for goods or services supplied from the territory of the Beneficiary; and

(c) the term "incremental operating costs" means operation and maintenance costs which would not have been incurred absent the Project and includes, inter alia, costs with respect to: (i) maintenance and operation of equipment procured under the Project; and (ii) salaries paid to staff hired for purposes of the Project.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement.

