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**LOAN NUMBER 7563 AL**

# **Loan Agreement**

**(Disaster Risk Mitigation and Adaptation Project)**

**between**

**ALBANIA**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**Dated July 2, 2008**

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**LOAN NUMBER 7563 AL**

**LOAN AGREEMENT**

Agreement dated July 2, 2008, between ALBANIA (“Borrower”) and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”).

WHEREAS (A) the Bank has received a letter of development policy dated May 21, 2008 from the Bank describing a program of actions, objectives and policies (the Program) designed to strengthen national capacity to plan for and respond to disasters, and declaring the Borrower’s commitment to the execution of the Program;

(B) the Borrower has requested the Bank’s support in the execution of the Program through a series of loans over the period of approximately eight (8) years to be utilized by the Bank in implementing the Program;

(C) the Borrower having been satisfied as to the feasibility and priority of the first phase of the Program (the Project) described in Schedule 1 to this Agreement, has requested the Bank to assist in the financing of the Project;

(D) the Borrower has also requested the International Development Association (the Association) to provide additional assistance towards the financing of the Project and by an agreement of even date herewith between the Borrower and the Association (the Financing Agreement), the Association is agreeing to provide such assistance in an aggregate principal amount equal to three million eight hundred thousand Special Drawing Rights (SDR 3,800,000) (the Credit); and

WHEREAS 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 and 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 two million Euro (EUR 2,000,000), 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 Parts 1.2 and 4 of the 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. The Borrower shall pay the Front-end Fee not later than sixty (60) days after the Effective Date.
- 2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to LIBOR for the Loan Currency plus the Variable 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 (d) of the General Conditions.
- 2.05. The Payment Dates are March 15 and September 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 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.  
  
(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 and the Program. To this end, the Borrower shall: (i) carry out: (A) Parts 1 and 5 of the Project through the MOI; (B) Part 3 of the Project through the MOPWTT; and

(C) Part 4 of the Project through the MOF; and (ii) cause Part 2 of the Project to be carried out by the IEWE, all 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 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.
- 3.03. 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 - REMEDIES OF THE BANK**

- 4.01. The Additional Events of Suspension consists of the following:
  - (a) A situation has arisen which shall make it improbable that the Program, or a significant part thereof, will be carried out.
  - (b) Any provision of the Emergency Decision shall have been amended, suspended, abrogated or repealed, or any law, decree, regulation or other similar instrument adopted, which materially and adversely affects the business, operations and affairs of the South Eastern Europe Catastrophic Risk Insurance Facility.

#### **ARTICLE V - EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Conditions of Effectiveness consist of the following:
  - (a) the Financing Agreement has been executed and delivered and all conditions precedent to its effectiveness, other than those related to the effectiveness of this Agreement, have been fulfilled; and
  - (b) the registration process of the CRIF has been undertaken in form and substance satisfactory to the Bank and arrangements satisfactory to the Bank shall have been concluded with a managing company, acceptable to the Bank, to manage the CRIF.
- 5.02. The Effectiveness Deadline is the date one hundred eighty (180) days after the date of this Agreement.

**ARTICLE VI - REPRESENTATIVE; ADDRESSES**

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

6.02. The Borrower's Address is:

Ministry of Finance  
Bulevardi "Deshmoret e Kombit", Nr. 1  
Tirana  
Albania

Facsimile:

(355)-42-228494

6.03. 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.

248423(MCI) or  
64145(MCI)

(1)-202-477-6391

6.04. Unless the Borrower has been notified otherwise by the Bank:

- (a) all actions taken, including approvals given, by the Association pursuant to: (i) Sections 2.02 and 3.02 of the Financing Agreement; and (ii) Schedules 1 and 2 to the Financing Agreement, except Section IV of Schedule 2, shall be deemed to be taken in the name and on behalf of both the Association and the Bank; and
- (b) all information and documentation furnished by the Borrower to the Association pursuant to the provisions, of to any Sections of, and Schedules to, the Financing Agreement enumerated in paragraph (a) of this Section shall be deemed furnished to both the Association and the Bank.

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

ALBANIA

By: /s/ Ridvan Bode

Authorized Representative

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By: /s/ Camille Nuamah

Authorized Representative

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to strengthen institutional capacities: (i) to reduce the Recipient's vulnerability to the natural and man-made hazards; and (ii) to limit human, economic, and financial losses due to these disasters.

The Project constitutes the first phase of the Program, and consists of the following parts:

#### **Part 1: Disaster Risk Management and Preparedness**

Carrying out of a program to support capacity building for emergency response through the provision of the necessary equipment and the strengthening of disaster risk mitigation planning, specifically including:

##### 1. Strengthening Disaster Risk Mitigation Planning and Emergency Management

(a) Carrying out of a review and update of the country's emergency response legislative framework, encompassing revisions to the 2001 Law on Civil Emergency Services, review of the draft legislation, development of the underlying regulatory framework, and the dissemination of the new proposed law to relevant partners.

(b) Development of a National Disaster Risk Management Strategy and Investment Program with a view to formulate a prioritized set of key investments in mitigation and adaptation.

(c) Preparation and implementation of a public awareness and education campaign, encompassing: (i) the raising of awareness by developing school curriculum on disaster preparedness, publishing educational material, and training teachers on the curriculum; and (ii) development of a multi-media public communications strategy using, *inter alia*, radio, television, internet.

##### 2. Enhancement of Emergency Response Capacity

(a) Carrying out of a formal needs assessment of emergency response equipment and, on the basis thereof, provision of equipment for urban search and rescue, flood rescue, snow/mountain rescue, personal protective equipment, and a mobile operations center.

(b) Strengthening of the existing emergency operations centers, including provision of equipment for the national operations center and technical assistance for the design of three regional operations centers, including the necessary environmental and social impacts assessments.

(c) Carrying out of the feasibility studies and designs for the establishment of a “112” integrated emergency call system and an emergency communications system, particularly a radio communications system.

(d) Development of detailed emergency response procedures to enable prompt and effective interventions in catastrophic events.

(e) Delivery of specialized training for emergency first responders, organization and monitoring of exercises, and provision of recommendations on corrective actions thereto, including exercises for civil protection, fire brigades and medical personnel.

## **Part 2: Strengthening of Hydro-meteorological Services**

Carrying out of a program to support disaster risk reduction through provision of accurate hydro-meteorological forecasts and services tailored to the needs of disaster risk managers in weather-sensitive sectors, encompassing:

### 1. Increase Access to Data

Development at the IEWE of computing resources and telecommunications links suitable for real-time communication with field stations, modernized higher-resolution weather and climate modeling, and management/sharing of large volumes of weather and climate data, both within the Borrower’s territory and with partners of the World Meteorological Organization, and consisting of: the design and installation of a robust intranet to support the forecasting functions of IEWE, design, cabling, data management and applications servers, workstations for staff, uninterruptible power supply, upgrade in the telecommunications links from field stations to headquarters, equipment for data management including scanner, software and workstations for archiving of past data and quality checking and archiving of current data, and the development of a dynamic website to present and share weather data and forecasts.

### 2. Upgrade of the Weather Forecasting Monitoring Network

Strengthening of the surface monitoring network, including at the IEWE, the MOD and the Air Traffic Agency, to refurbish the existing meteorological stations, provide automatic meteorological and hydrological monitoring stations, specialized stations, an upper-air sounding station, and a satellite downlink station to enable the most productive use of satellite data for multiple purposes.



3. Development of the Capacity to Prepare Forecast Products for Disaster Management

Strengthening of the forecasting capacity of IEWE with a view to prepare more-resolved, more-accurate basic forecast products tailored to disaster management, through the provision of software, training and computing resources necessary to undertake a local area model of weather in the country and, on the basis thereof, to enhance services such as severe weather alerts at higher resolution and longer lead time, long-lead-time alerts concerning flood conditions and snow cover based on forecasts of precipitation, fire weather warnings, road weather alerts, and frost/drought alerts for agriculture.

**Part 3: Development of Building Codes**

Carrying out of a program to reduce hazard risks through the development of improved building codes and mechanisms for introduction of improved standards, and including:

1. Development of a National Building Code

Carrying out of a review of building code legislation currently under consideration, with a focus on applicable earthquake design requirements, including assistance for the adoption of the European Union codes in the country.

2. Training to Engineers in New Design Standards

Development of training materials to train engineers in the new, revised building code, and training of trainers.

3. Development of a Mechanism for Licensing of Engineers

Development of a system to certify, license and review licenses for design and supervision engineers.

**Part 4: Southeast Europe Catastrophic Risk Insurance Facility**

1. Securing the Recipient's Membership in the CRIF

Provision of financing for the payment of the Borrower's membership and participation in the CRIF with a view to provide access to affordable and reliable catastrophe insurance products which reduce the Borrower's fiscal exposure to natural disasters.

2. Establishment of CRIF's Presence in the Albanian Insurance Market

Carrying out of a program aimed at facilitating the adoption by the Borrower of a policy framework conducive to the operation of CRIF in its territory, encompassing the enactment of laws and regulations conducive for the operations of the CRIF and investments in public education and awareness campaign on the benefits of catastrophe insurance.

**Part 5: Project Management**

Provision of support in Project management, through the financing of selected management costs, including consultants' services for procurement, financial management and monitoring and evaluation.

## **SCHEDULE 2**

### **Project Execution**

#### **Section I. Implementation Arrangements**

##### **A. Institutional Arrangements**

##### **1. Ministry of the Interior**

The Borrower, through the Ministry of Interior, shall be responsible for leading Project implementation as the country's key entity responsible for disaster management.

##### **2. Project Steering Committee**

The Borrower, through the MOI, shall, not later than November 1, 2008, establish, and thereafter maintain throughout Project implementation, a Project Steering Committee (PSC) under terms of reference and with resources satisfactory to the Bank. The PSC shall be responsible for ensuring inter-sectoral coordination, monitoring progress in Project implementation, and resolving policy-related issues associated with disaster risk management or any delays during Project implementation. The PSC shall be chaired by the Deputy Minister of Interior and its composition shall include the representation of the General Director of Civil Emergencies of the MOI, the Director of the IEWE, the Head of the Air Force Command Weather Forecast Service, the General Director of the Air Traffic Agency, the MOF and MOPWTT, with the General Directorate on Civil Emergencies acting as the Secretary and the Department of Strategy and Donor Coordination of the Council of Ministers sitting as Observer.

##### **3. Project Management Team**

The Borrower, through the MOI, shall maintain throughout Project implementation, a Project Management Team (PMT) under terms of reference and with resources satisfactory to the Bank. The said Team shall be responsible for managing the overall Project in the MOI and for the procurement, financial management and monitoring of the entire Project. Its composition includes staff assigned from within the General Directorate of Civil Emergencies, contracted experts on procurement and financial management, and one Implementation Team Coordinator from each of the IEWE, the MOPWTT, and the MOF, respectively, to coordinate the activities of their agencies with the PMT.

##### **4. Implementation Team(s)**

The Borrower, through the MOI, shall, not later than November 1, 2008, establish, and thereafter maintain throughout Project implementation, an Implementation Team within each of the IEWE, the MPWTT, and the MOF, under terms of reference and

with resources satisfactory to the Bank. Each Implementation Team shall be responsible for contributing to the substantive elements of the implementation of the respective part of the Project, formulating terms of reference for the respective activities, participating in the evaluation committees, and clearing the contracts for the signature of the Project authorizing officer. Each Implementation Team shall be headed by an Implementation Team Coordinator and shall include sector specialists.

5. Disaster Risk Mitigation Strategy Working Group

The Borrower, through the MOI, shall, not later than October 1, 2008, establish, and thereafter maintain throughout Project implementation, a Disaster Risk Mitigation Strategy Working Group under terms of reference satisfactory to the Bank and comprising representatives from all ministries concerned with disaster risk mitigation. This Working Group shall be vested with the responsibility to prepare the national Disaster Risk Mitigation and Adaptation Strategy referred to in paragraph 3 of Part B of this Section I.

6. Disaster Insurance Working Group

To discharge its membership obligations in the CRIF, not later than thirty (30) days after the establishment of the CRIF, the Borrower shall form an inter-ministerial working group on disaster insurance consisting of representatives of the MOF, the Authority for Supervising Non-Banking Financial Institutions, other relevant government agencies and/or other appropriate entities. This Group shall be headed by a Chairman selected from the MOF, who shall also represent the Borrower on the Board of Governors of the CRIF.

**B. Implementation Modalities**

1. Implementation Covenants

I. Part 4.1 of the Project: Bilateral Agreement for Local Product Distribution

The Borrower, through the MOF, shall conclude, not later than six (6) months after the Effective Date, a bilateral agreement with the CRIF, under terms and conditions satisfactory to the Bank, which will enable CRIF to distribute its products through local insurance companies as specified by the regulations of the Albanian Insurance Commission.

II. Disaster Risk Mitigation and Adaptation Strategy

The Borrower, through the MOI, shall prepare, not later than January 31, 2010, a draft Disaster Risk Mitigation and Adaptation Strategy, satisfactory to the Bank, which prioritizes in a suitable manner disaster risk mitigation actions and investments.

**C. Anti-Corruption**

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

**Section II. Project Monitoring, Reporting and Evaluation**

**A. Project Reports**

1. The Borrower, through the MOI, 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 Monitoring and Evaluation indicators. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than one (1) month after the end of the period covered by such report.

2. For purposes of Section 5.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Bank not later than August 30, 2012.

**B. Financial Management, Financial Reports and Audits**

1. The Borrower, through the MOI, 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 the MOI, shall prepare and furnish to the Bank as part of the Project Report, 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, through the MOI, shall have its Financial Statements 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 (1) Fiscal Year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six (6) months after the end of such period.

**C. Mid-Term Review**

The Borrower, through the MOI, shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with the Monitoring and Evaluation Indicators, the carrying out of the Project and the achievement of the objectives thereof;

(b) prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank not later than December 31, 2009, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress: (i) achieved in the carrying out of the Project during the period preceding the date of said report; and (ii) on the fulfillment of the actions referred to in the Program and the attainment of the milestones to start and carry out the second phase of the Program, 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; and

(c) review with the Bank, on or about January 31, 2010, or such later date as the Bank shall request, the report referred to in paragraph (b) 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 Bank's views on the matter.

### **Section III. Procurement**

#### **A. General**

1. **Goods and Services (Other than Consultants' Services).** All goods and services (other than consultants' services) required for the Project and to be financed out of the proceeds of the Financing 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 Financing 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 the Procurement Guidelines, or Consultant Guidelines, as the case may be.

#### **B. Particular Methods of Procurement of Goods and Services (Other than Consultants' Services)**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and services (other than consultants' services) shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods and Services (Other than Consultants' Services).** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and services (other than consultants' services). The Procurement Plan shall specify the circumstances under which such methods may be used:

<b>Procurement Method</b>	
(a)	Shopping
(b)	Direct Contracting

**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.

<b>Procurement Method</b>	
(a)	Selection Based on Consultants' Qualifications
(b)	Quality-Based Selection
(c)	Selection under a Fixed Budget
(d)	Least-Cost Selection
(e)	Single-Source Selection
(f)	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 the Proceeds of the Loan**

**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 allocations of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<b>Category</b>	<b>Amount of the Loan Allocated (Expressed in Euro)</b>	<b>Percentage of Expenditures to be Financed</b>
(1) Goods under Part 1.2 of the Project	270,000	80%
(2) Membership Contribution under Part 4.1 of the Project	1,330,000	100%
(3) Consultants’ Services under Part 4.2 of the Project	400,000	80%
<b>TOTAL AMOUNT</b>	<b><u>2,000,000</u></b>	

For the purposes of this Section, the term “Membership Contribution” means expenditures incurred by the Borrower to secure its membership and participation in the CRIF.

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement.

2. The Closing Date is February 28, 2012.



### 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: (i) Withdrawn Loan Balance as of the first Principal Payment Date; by (ii) 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.

<b>Principal Payment Date</b>	<b>Installment Share (Expressed as a Percentage)</b>
March 15, 2019	2.57 %
September 15, 2019	2.66 %
March 15, 2020	2.75 %
September 15, 2020	2.85 %
March 15, 2021	2.95 %
September 15, 2021	3.05 %
March 15, 2022	3.16 %
September 15, 2022	3.27 %
March 15, 2023	3.38 %
September 15, 2023	3.50 %
March 15, 2024	3.62 %
September 15, 2024	3.75 %
March 15, 2025	3.88 %
September 15, 2025	4.02 %
March 15, 2026	4.16 %
September 15, 2026	4.30 %
March 15, 2027	4.46 %
September 15, 2027	4.61 %
March 15, 2028	4.77 %
September 15, 2028	4.94 %
March 15, 2029	5.11 %
September 15, 2029	5.29 %
March 15, 2030	5.48 %
September 15, 2030	5.67 %
March 15, 2031	5.80 %

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.

## **APPENDIX**

### **Definitions**

1. “Air Traffic Agency” means the Borrower’s National Air Traffic Agency under the MOPWTT (as hereinafter defined).
2. “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.
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006.
5. “Directorate for Civil Emergencies” means the Directorate in charge of disaster preparedness and management within the MOI (as hereinafter defined).
6. “Emergency Decision” means the Borrower’s Council of Ministers Decision No. 664 on “Criteria and Procedures of Proclamation on the Civil Emergency Situation” dated December 18, 2002, as amended to the date of this Agreement.
7. “Financing Agreement” means the financing agreement for the Project between the Borrower and the Association, dated the same date as this Agreement, as such financing agreement may be amended from time to time. “Financing Agreement” includes all appendices, schedules and agreements supplemental to the Financing Agreement.
8. “Fiscal Year” means the twelve (12) month period corresponding to any of the Borrower’s fiscal years, which period commences on January 1 and ends on December 31 in each calendar year.
9. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 1, 2005 (as amended through February 12, 2008).
10. “Institute of Energy, Water and Environment” or “IEWE” the Borrower’s Institute of Energy, Water and Environment, a governmental institution entity responsible for services for third parties and the transfer of knowledge and technology in energy, water, environment and climatic sectors.
11. “Ministry of Defense” or “MOD” means the Borrower’s Ministry of Defense.
12. “Ministry of Education and Science or “MOES” means the Borrower’s Ministry of Education and Science.
13. “Ministry of Finance” or “MOF” means the Borrower’s Ministry of Finance, or any successor thereto.

14. “Ministry of Interior” or “MOI” means the Borrower’s Ministry of the Interior, or any successor thereto.
15. “Ministry of Public Works, Transport and Telecommunications” or “MOPWTT” means the Borrower’s Ministry of Public Works, Transport and Telecommunications, or any successor thereto.
16. “Monitoring and Evaluation Indicators” means the agreed monitoring and evaluation indicators set forth in a letter of even date herewith to be utilized by the Borrower to measure the progress in the implementation of the Project and the degree to which the objectives thereof are being achieved.
17. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006.
18. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated May 16, 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.
19. “South Eastern Europe Catastrophic Risk Insurance Facility” or “CRIF” means the regional catastrophic risk insurance program owned by the participating countries of the Southeast Europe Region which the Borrower will join and participate in under Part 4.1 of the Project.