

CONFORMED COPY

LOAN NUMBER 4850 ALB

Loan Agreement

(Transport Project)

between

ALBANIA

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

Dated March 21, 2007

LOAN NUMBER 4850 ALB

LOAN AGREEMENT

Agreement dated March 21, 2007 between ALBANIA (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”). The Borrower and the Bank hereby agree as follows:

WHEREAS the Borrower has also requested 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 four hundred thousand Special Drawing Rights (SDR 3,400,000) (the Credit).

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 Loan Agreement have the meanings ascribed to them in the General Conditions, in the Financing Agreement, or 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 fifteen million three hundred thousand Euro (□15,300,000) to assist in financing the project described in Schedule 1 to the Financing Agreement (“Project”).
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Schedule 1 to this Agreement.
- 2.03. The Commitment Charge payable by the Borrower shall be equal to three-fourths of one percent (3/4 of 1%) per annum on the Unwithdrawn Loan Balance, subject to any waiver of a portion of such charge as may be determined by the Bank from time to time.
- 2.04. The Front-end Fee payable by the Borrower shall be equal to one percent (1.0%) of the Loan amount, subject to any waiver of a portion of such fee as may be determined by the Bank from time to time.
- 2.05. 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, subject to any

waiver of a portion of such interest as may be determined by the Bank from time to time.

- 2.06. The Payment Dates are May 15 and November 15 in each year.
- 2.07. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 2 to this Agreement.

ARTICLE III - PROJECT

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower, through the General Road Directorate and the Ministry of Public Works, Transport and Telecommunications, shall carry out the Project in accordance with the provisions of Article V of the General Conditions.
- 3.02. (a) Subject to paragraph (b) of this Section, Section 3.02 of the Financing Agreement and Schedules 1 and 2 thereto, except Section V of Schedule 2, are incorporated into the Loan Agreement, with the following modifications in said Section and Schedules unless the context otherwise requires:
 - (i) the term “Association” shall be read as “Bank”;
 - (ii) the term “Recipient” shall be read as “Borrower”;
 - (iii) the term “Credit” shall be read as “Loan”; and
 - (iii) the terms “this Agreement” or “the Financing Agreement” shall be read as “the Loan Agreement”.
- (b) Unless the Borrower has been notified otherwise by the Bank:
 - (i) all actions taken, including approvals given, by the Association pursuant to any Sections of, and Schedules to, the Financing Agreement enumerated in paragraph (a) of this Section, as well as pursuant to Section 2.02 of the Financing Agreement, shall be deemed to be taken in the name and on behalf of both the Association and the Bank; and

- (ii) all information and documentation furnished by the Borrower to the Association pursuant to the provisions of any such Sections of the Financing Agreement or Schedules thereto shall be deemed furnished to both the Association and the Bank.

ARTICLE IV - EFFECTIVENESS; TERMINATION

- 4.01. 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 have been fulfilled, other than those related to the effectiveness of this Agreement.
 - (b) The Co-financing 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 and the Loan Agreement) have been fulfilled.
- 4.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE V - REPRESENTATIVE; ADDRESSES

- 5.01. The Borrower's Representative is the Minister of Finance.
- 5.02. The Borrower's Address is:

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

Facsimile:

355 42 28494

- 5.03. 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

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/ Nadir Mohammed

Authorized Representative

SCHEDULE 1**Withdrawal of Loan Proceeds****A. General**

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of this Section and such additional instructions as the Bank shall specify by notice to the Borrower 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 allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

Category	Amount of the Loan Allocated (expressed in Euro)	Percentage of Expenditures to be financed
(1) Civil Works for Part I of the Project	14,826,000	88%
(2) Civil Works for Part II of the Project	472,000	10%
(3) Consultants’ Services for Parts I and II of the Project	1,000	20%
(4) Consultants’ Services for Parts III and IV of the Project	1,000	100%
(5) Front-end Fee	0	Amount payable pursuant to Section 2.04 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
TOTAL AMOUNT	<u>15,300,000</u>	

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, except that withdrawals in respect of Category (1) for the implementation of Part I of the Project up to an aggregate amount not to exceed \$3,046,000 equivalent may be made for payments made prior to this date but on or after October 1, 2006.
2. The Closing Date is June 30, 2011.

SCHEDULE 2**Amortization Schedule**

Principal Payment Date	Principal Amount of the Loan Payable (expressed in Euro)
November 15, 2011	460,000
May 15, 2012	470,000
November 15, 2012	475,000
May 15, 2013	485,000
November 15, 2013	495,000
May 15, 2014	505,000
November 15, 2014	515,000
May 15, 2015	525,000
November 15, 2015	535,000
May 15, 2016	545,000
November 15, 2016	555,000
May 15, 2017	565,000
November 15, 2017	575,000
May 15, 2018	590,000
November 15, 2018	600,000
May 15, 2019	610,000
November 15, 2019	625,000
May 15, 2020	635,000
November 15, 2020	645,000
May 15, 2021	660,000
November 15, 2021	670,000
May 15, 2022	685,000
November 15, 2022	700,000
May 15, 2023	710,000
November 15, 2023	725,000
May 15, 2024	740,000

APPENDIX

Definitions

1. “Category” means a category set forth in the table in Schedule 1 to this Agreement.
2. “Financing Agreement” means the agreement between the Borrower and the Association for the Project, of the same date as the Loan Agreement, as such agreement may be amended from time to time. “Financing Agreement” includes all appendices, schedules and agreements supplemental to the Financing Agreement.
3. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 1, 2005.