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**LOAN NUMBER 4841 ALB**

# **Loan Agreement**

**(Business Environment Reform and Institutional Strengthening Project)**

**between**

**ALBANIA**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**Dated November 27, 2006**

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**LOAN NUMBER 4841 ALB**

**LOAN AGREEMENT**

Agreement dated November 27, 2006 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 two million five hundred thousand Special Drawing Rights (SDR 2,500,000) (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 four million four hundred thousand Euro (€4,400,000) 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 Ministry of Economy, Trade and Energy, 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) So long as any part of the Credit provided for under the Financing Agreement shall remain outstanding and 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 - REMEDIES OF THE BANK**

- 4.01 The additional event of suspension consists of the following, namely that any Law establishing any of the Project Beneficiary Entities is amended, suspended, abrogated, repealed or waived in a manner which, in the opinion of the Bank, would materially and adversely affect the ability of the respective Project Beneficiary Entity to effectively implement its obligations under this Agreement.
- 4.02. The Additional Events of Acceleration consist of the following, namely that the event specified in Section 4.01 of this Agreement shall occur and shall continue for a period of sixty (60) days after notice of the event has been given by the Bank to the Borrower.

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

- 5.01. The Additional Condition of Effectiveness consists of the following, namely that 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.
- 5.02. The Effectiveness Deadline is the date ninety (90) 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"  
Tirana  
Albania

Facsimile:

+355 42 28494

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<br>Washington, D.C. | 248423(MCI) or<br>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<br>Allocated<br>(expressed in Euro) | Percentage of<br>Expenditures to be<br>financed   |
|---------------------------|--|---|
| (1) Goods                 | 1,650,000  | 95%   |
| (2) Works                 | 2,690,000  | 95%   |
| (3) Consultants’ Services | 10,000   | 95%   |
| (4) Unallocated           | 50,000   |   |
| (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 |
| <b>TOTAL AMOUNT</b>       | <u>4,400,000</u>                                       |   |

#### B. Withdrawal Conditions; Withdrawal Period

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

2. The Closing Date is January 15, 2011.

**SCHEDULE 2****Amortization Schedule**

| <b>Principal Payment Date</b> | <b>Principal Amount of the Loan Payable<br/>(expressed in Euro)</b> |
|-------------------------------|---|
| May 15, 2011                  | 135,000   |
| November 15, 2011             | 140,000   |
| May 15, 2012                  | 140,000   |
| November 15, 2012             | 145,000   |
| May 15, 2013                  | 145,000   |
| November 15, 2013             | 150,000   |
| May 15, 2014                  | 150,000   |
| November 15, 2014             | 155,000   |
| May 15, 2015                  | 155,000   |
| November 15, 2015             | 160,000   |
| May 15, 2016                  | 160,000   |
| November 15, 2016             | 165,000   |
| May 15, 2017                  | 165,000   |
| November 15, 2017             | 170,000   |
| May 15, 2018                  | 170,000   |
| November 15, 2018             | 175,000   |
| May 15, 2019                  | 180,000   |
| November 15, 2019             | 180,000   |
| May 15, 2020                  | 185,000   |
| November 15, 2020             | 190,000   |
| May 15, 2021                  | 190,000   |
| November 15, 2021             | 195,000   |
| May 15, 2022                  | 200,000   |
| November 15, 2022             | 200,000   |
| May 15, 2023                  | 205,000   |
| November 15, 2023             | 195,000   |



## **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.