

CONFORMED COPY

CREDIT NUMBER 2543 ALB

Project Agreement

(Technical Assistance for Social Safety Net)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

SOCIAL INSURANCE INSTITUTE

Dated September 30, 1993

CREDIT NUMBER 2543 ALB

PROJECT AGREEMENT

AGREEMENT, dated September 30, 1993, between INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) and SOCIAL INSURANCE INSTITUTE (SII).

WHEREAS (A) by the Development Credit Agreement of even date herewith between Albania (the Borrower) and the Association, the Association has agreed to make available to the Borrower an amount in various currencies equivalent to three million nine hundred thousand Special Drawing Rights (SDR 3,900,000), on the terms and conditions set forth in the Development Credit Agreement, but only on condition that SII agree to undertake such obligations toward the Association as are set forth in this Agreement;

(B) by a subsidiary agreement to be entered into between the Borrower and SII, a portion of the proceeds of the credit provided for under the Development Credit Agreement will be made available to SII on the terms and conditions set forth in said Subsidiary Agreement; and

WHEREAS SII, in consideration of the Association's entering into the Development Credit Agreement with the Borrower, has agreed to undertake the obligations set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

## ARTICLE I

### Definitions

Section 1.01. Unless the context otherwise requires, the several terms defined in the Development Credit Agreement, the Preamble to this Agreement and in the General Conditions (as so defined) have the respective meanings therein set forth.

## ARTICLE II

### Execution of Part A of the Project

Section 2.01. (a) SII declares its commitment to the objectives of the Project as set forth in Schedule 2 to the Development Credit Agreement, and, to this end, shall carry out Part A of the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, and engineering practices, and shall provide, as promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Association and SII shall otherwise agree, SII shall carry out Part A of the Project in accordance with the Implementation Program set forth in Schedule 2 to this Agreement.

Section 2.02. Except as the Association shall otherwise agree, procurement of the goods, works and consultants' services required for Part A of the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 1 to this Agreement.

Section 2.03. SII shall carry out the obligations set forth in Sections 9.03, 9.04, 9.05, 9.06, 9.07 and 9.08 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of the Project Agreement and Part A of the Project.

Section 2.04. SII shall duly perform all its obligations under the Subsidiary Agreement. Except as the Association shall otherwise agree, SII shall not take or concur in any action which would have the effect of amending, abrogating, assigning or waiving the Subsidiary Agreement or any provision thereof.

Section 2.05. (a) SII shall, at the request of the Association, exchange views with the Association with regard to the progress of the Project, the performance of its obligations under this Agreement and under the Subsidiary Agreement, and other matters relating to the purposes of the Credit.

(b) SII shall promptly inform the Association of any condition which interferes or threatens to interfere with the progress of the Project, the accomplishment of the purposes of the Credit, or the performance by SII of its obligations under this Agreement and under the Subsidiary Agreement.

## ARTICLE III

### Management and Operations of SII

Section 3.01. SII shall carry on its operations and conduct its affairs in accordance with sound administrative, and financial practices under the supervision of qualified and experienced management assisted by competent staff in adequate numbers.

Section 3.02. SII shall at all times operate and maintain its plant, machinery, equipment and other property, and from time to time, promptly as needed, make all necessary repairs and renewals thereof, all in accordance with sound engineering, financial and social safety practices.

Section 3.03. SII shall take out and maintain with responsible insurers, or make other provision satisfactory to the Association for, insurance against such risks and in such amounts as shall be consistent with appropriate practice.

## ARTICLE IV

### Financial Covenants

Section 4.01. (a) SII shall maintain records and accounts adequate to reflect in

accordance with sound accounting practices its operations and financial condition.

(b) SII shall:

(i) have its records, accounts and financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;

(ii) furnish to the Association as soon as available, but in any case not later than six months after the end of each such year, (A) certified copies of its financial statements for such year as so audited, and (B) the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and

(iii) furnish to the Association such other information concerning said records, accounts and financial statements as well as the audit thereof, as the Association shall from time to time reasonably request.

#### ARTICLE V

##### Effective Date; Termination; Cancellation and Suspension

Section 5.01. This Agreement shall come into force and effect on the date upon which the Development Credit Agreement becomes effective.

Section 5.02. (a) This Agreement and all obligations of the Association and of SII thereunder shall terminate on the earlier of the following two dates:

(i) the date on which the Development Credit Agreement shall terminate in accordance with its terms; or

(ii) the date twenty years after the date of this Agreement.

(b) If the Development Credit Agreement terminates in accordance with its terms before the date specified in paragraph (a) (ii) of this Section, the Association shall promptly notify SII of this event.

Section 5.03. All the provisions of this Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the General Conditions.

#### ARTICLE VI

##### Miscellaneous Provisions

Section 6.01. Any notice or request required or permitted to be given or made under this Agreement and any agreement between the parties contemplated by this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable, telex or radiogram to the party to which it is required or permitted to be given or made at such party's address hereinafter specified or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:

For the Association:

International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable address:

INDEVAS  
Washington, D.C.

Telex:

197688 (TRT),  
248423 (RCA),  
64145 (WUI) or  
82987 (FTCC)

For SII:

Social Insurance Institute  
Bulevardi "Deshmoret e Kombit" No. 3  
Tirana, Albania

Section 6.02. Any action required or permitted to be taken, and any document required or permitted to be executed, under this Agreement on behalf of SII, or by SII on behalf of the Borrower under the Development Credit Agreement, may be taken or executed by the General Director of SII or such other person or persons as the General Director of SII shall designate in writing, and SII shall furnish to the Association sufficient evidence of the authority and the authenticated specimen signature of each such person.

Section 6.03. This Agreement may be executed in several counterparts, each of which shall be an original, and all collectively but one instrument.

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

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ K. Dervis

Acting Regional Vice President  
Europe and Central Asia

SOCIAL INSURANCE INSTITUTE

By /s/ G. Ruli

Authorized Representative

SCHEDULE 1

Procurement and Consultants' Services  
for Part A of the Project

Section I: Procurement of Goods and Works

Part A: International Competitive Bidding

Except as provided in Part C hereof, goods and works shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1992 (the Guidelines).

(a) For fixed-price contracts, the invitation to bid referred to in paragraph 2.13 of the Guidelines shall provide that, when contract award is delayed beyond the original bid validity period, the successful bidder's bid price will be increased for each week of delay by two predisclosed correction factors acceptable to the Bank, one to be applied to all foreign currency components and the other to the local currency component of the bid price. Such an increase shall not be taken into account in bid evaluation.

(b) In the procurement of goods and works in accordance with this Part A, the Borrower shall use the relevant standard bidding documents issued by the Bank, with such modifications thereto as the Association shall have agreed to be necessary for the purposes of the Project. Where no relevant standard bidding documents have been issued by the Bank, the Borrower shall use bidding documents based on other internationally recognized standard forms agreed with the Association.

Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A hereof, goods manufactured in Albania may be granted a margin of preference in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraphs 1 through 4 of Appendix 2 thereto.

Part C: Other Procurement Procedures

1. Items or groups of items estimated to cost less than the equivalent of \$100,000 per contract, up to an aggregate amount not to exceed the equivalent of \$85,000, may be procured under contracts awarded on the basis of comparison of at least three price quotations obtained from at least three different countries eligible under the Guidelines, in accordance with procedures acceptable to the Association.

2. Goods of a proprietary nature, such as books, technical journals, training materials, audio-visual materials, computer software, including annual upgrading and licensing arrangements, up to an aggregate amount not to exceed the equivalent of \$60,000 may be purchased from suppliers on the basis of negotiated contracts pursuant to procedures acceptable to the Bank.

3. Local sundry items, not exceeding US\$5,000 per contract up to an aggregate amount of US\$25,000 equivalent, may be purchased on the basis of prudent local shopping by comparing prices obtained from three independent suppliers, in accordance with local shopping procedures acceptable to the Association.

4. Works estimated to cost between \$8,000 and \$15,000 per contract, up to an aggregate amount not to exceed the equivalent of \$200,000 may be procured under contracts awarded on the basis of local shopping procedures based on the comparison of quotations obtained from at least three qualified local construction companies.

Part D: Review by the Association of Procurement Decisions

1. Review of invitations to bid and of proposed awards and final contracts:

(a) With respect to all contracts awarded in accordance with procedures under Part A, and the first two contracts which are awarded in accordance with paragraph 1 under Part C, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Association pursuant to said paragraph 2 (d) shall be furnished to the Association prior to the making of the first payment out of the Special Account in respect of such contract.

(b) With respect to each contract not governed by the preceding paragraph, the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract together with the other information required to be furnished to the Association pursuant to said paragraph 3 shall be furnished to the Association as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 5 to the Development Credit Agreement.

(c) The provisions of the preceding subparagraph (b) shall not apply to contracts on account of which withdrawals from the Credit Account are to be made on the basis of statements of expenditure.

2. The figure of 15% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

Section II: Employment of Consultants

1. In order to assist the Borrower in carrying out the Project, the Borrower shall employ consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Association. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Association on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981 (the Consultant Guidelines). For complex, time-based assignments, the Borrower shall employ such consultants under contracts using the standard form of contract for consultants' services issued by the Bank, with such modifications as shall have been agreed by the Association. Where no relevant standard contract documents have been issued by the Bank, the Borrower shall use other standard forms

agreed with the Association.

2. Notwithstanding the provisions of paragraph 1 of this Section, the provisions of the Consultant Guidelines requiring prior Bank review or approval of budgets, short lists, selection procedures, letters of invitation, proposals, evaluation reports and contracts shall not apply to contracts estimated to cost less than \$30,000 equivalent each. However, this exception to prior Bank review shall not apply to the terms of reference for such contracts nor to the employment of individuals, to single source selection of firms, to assignments of a critical nature as reasonably determined by the Bank and to amendments of contracts raising the contract value to \$30,000 equivalent or above.

## SCHEDULE 2

### Implementation Program for Part A of the Project

The provisions of this Schedule shall apply for the purposes of Section 2.01 (b) of this Agreement.

1. The coordination and management of Project activities under Part A of the Project shall be vested in a Project Coordination Unit within SII which shall be maintained and shall operate with staff and resources and terms of reference acceptable to the Association and supervise the carrying out of the Project and the procurement of the goods and services thereunder.

2. The Project Coordination Unit shall, in particular: (a) develop a detailed implementation plan for the fulfillment of Project activities under Part A of the Project satisfactory to the Association; (b) monitor the timely carrying out of the Project activities; and (c) prepare regular Project progress reports including the implementation status, issues and actions recommended, and performance targets for the next period.

3. SII shall:

(a) by June 30, 1995, undertake jointly with the Association a mid-term review of the Project; and

(b) by March 31 and September 30 of each project year, submit to the Association consolidated report of the status of project implementation.

