Project Agreement

(Regional and Local Roads Connectivity Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

and

ALBANIAN DEVELOPMENT FUND
AGREEMENT between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") and ALBANIAN DEVELOPMENT FUND ("Project Implementing Entity") ("Project Agreement") in connection with the Loan Agreement ("Loan Agreement") of the Signature Date between REPUBLIC OF ALBANIA ("Borrower") and the Bank, concerning Loan No. 8850-AL. The Bank and the Project Implementing Entity hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to the Loan Agreement) apply to and form 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 Loan Agreement or the General Conditions.

ARTICLE II — PROJECT

2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall carry out the Project in accordance with the provisions of Article V of the General Conditions and the Schedule to this Agreement, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

ARTICLE III — REPRESENTATIVE; ADDRESSES

3.01. The Project Implementing Entity's Representative is its Executive Director.

3.02. For purposes of Section 10.01 of the General Conditions: (a) the Bank's address is:

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America; and

(b) the Bank's Electronic Address is:

Telex: Facsimile: E-mail:
3.03. For purposes of Section 10.01 of the General Conditions: (a) the Project Implementing Entity’s address is:

Albanian Development Fund
Rruga Sami Frasheri No. 10
Tirana, Albania; and

(b) the Project Implementing Entity’s Electronic Address is:

Telex: Facsimile: E-mail:  
248423 (MCI) 355 4 234885 adf@albaniandf.org
AGREED as of the later of the two dates written below.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

[Signature]

Authorized Representative

Name: LINDA VAN GELDER

Title: COUNTRY DIRECTOR

Date: June 5, 2018

ALBANIAN DEVELOPMENT FUND

By

[Signature]

Authorized Representative

Name: BEVET BCA

Title: EXECUTIVE DIRECTOR

Date: 11-06-2018
SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

1. Dedicated Staff

   The Borrower shall cause the Project Implementing Entity to:

   (a) maintain, throughout the implementation of the Project, its Dedicated Staff with qualifications, experience and terms of reference satisfactory to the Bank;

   (b) ensure that its Dedicated Staff carries out Project oversight and coordination of the Selected Municipalities’ technical inputs; and

   (c) carry out Project implementation including financial management, procurement and contract management.

2. Board of Trustees

   Further to the Project Implementing Entity’s Legislation and its by-laws the Board of Trustees of the Project Implementing Entity shall actively steer Project implementation, including in respect of: (i) coordination of Project activities; (ii) support and oversight for the implementation of the Bank’s Safeguard Policies; and (iii) coordination with Selected Municipalities on new developments at the Borrower’s ministerial level related to policy, design and construction standards, agricultural development and tourism.

B. Implementation Arrangements

1. Project Operations Manual

   (a) The Project Implementing Entity shall prepare a Project Operations Manual to be adopted in form and substance satisfactory to the Bank, and thereafter implement the Project in accordance with the Project Operations Manual.

   (b) Except as the Borrower and the Bank may otherwise agree in writing, the Project Implementing Entity shall not abrogate, amend, suspend, waive or otherwise fail to enforce the Project Operations Manual, or any provision thereof.
In the event of any inconsistency between the provisions of the Project Operations Manual and the provisions of this Agreement or the Loan Agreement, the provision of the Loan Agreement shall prevail.

2. **Subsidiary Agreement**

(a) To facilitate the carrying out of the Project, Project Implementing Entity shall enter into a Subsidiary Agreement with the Borrower, under terms and conditions approved by the Bank.

(b) The Project Implementing Entity shall exercise its rights and carry out its obligations under the Subsidiary Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Project Implementing Entity shall not assign, amend, abrogate, waive, terminate or fail to enforce the Subsidiary Agreement or any of its provisions.

3. **Cooperation Agreement**

(a) In implementing Parts 1 and 2 of the Project, the Project Implementing Entity shall enter into an agreement ("Cooperation Agreement") with each Selected Municipality on terms and conditions approved by the Bank, which shall include the Selected Municipality's obligations to:

   (i) takeover, operate and maintain rehabilitated assets in accordance with agreed standards;

   (ii) review and comment on technical reports and deliverables;

   (iii) monitor, and support the Project Implementing Entity to actively oversee works undertaken in the municipality;

   (iv) obtain any required approvals from the relevant municipal authorities;

   (v) hold periodic citizen engagement meetings and share information on project goals, benefits and implementation progress;

   (vi) disseminate and address feedback from community as well as grievance redress mechanisms;

   (vii) ensure participation of women in all community engagement processes;
(viii) provide its inputs and comments to terms of reference and deliverables in respect of consulting services for purposes of providing advice related to such Municipality under Part 2 of the Project. The Project Implementing Entity shall implement effective mechanisms to engage with Selected Municipalities and address their comments in a way acceptable to the Bank; and

(ix) participate as requested by the PIE on tender committees.

(ii) In the event of any inconsistency between the provisions of the Cooperation Agreement and this Agreement or the Loan Agreement, the provision of this Agreement and the Loan Agreement shall prevail.

C. Safeguards

1. In order to ensure the proper implementation of the Project in an environmentally and socially sound manner, the Project Implementing Entity shall:

(a) carry out the Project in accordance with the Safeguards Instruments for the Project;

(b) prior to carrying out any works under the Project: (i) prepare ESMPs in accordance with the respective ESMF, including disclosure and public consultation, in form and substance satisfactory to the Bank; and (ii) implement the Project activities in accordance with the respective ESMP;

(c) prior to carrying out any works under the Project which entail Involuntary Resettlement, prepare a RAP in accordance with the RPF, including disclosure and meaningful consultation with Project Affected Persons, in form and substance satisfactory to the Bank, and ensure that such RAP is implemented, including by providing appropriate compensation consistent with the provisions of the RPF and RAP, to the Project Affected Persons; and

(d) not assign, amend, abrogate or waive the Safeguards Instruments or any provision thereof, without the prior approval of the Bank.

2. In the event of any inconsistency between the provisions of any Safeguards Instruments and the provisions of this Agreement or the Loan Agreement, the provisions of the Loan Agreement shall prevail.

3. The Project Implementing Entity shall ensure that the terms of reference of any consultancy in respect to the Project shall be satisfactory to the Bank following its review thereof and, to that end, such terms of reference shall duly incorporate the
requirements of the Bank’s Safeguards Policies then in force, as applied to the advice conveyed through such technical assistance.

4. Without limitation upon its other reporting obligations under this Agreement, the Project Implementing Entity, for each of the Safeguards Instruments including for the related environmental and social plans, shall collect, compile and furnish to Borrower for submission to the Bank on a quarterly basis (or with more frequency or in a separate report whenever the circumstances warrant), reports in form and substance satisfactory to the Bank, on the status of compliance with such Safeguard Instruments including the related environmental and social plans, as part of the Project Reports, giving details of:

(a) measures taken in furtherance of the Safeguards Instruments including any related environmental and social plans;

(b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the Safeguards Instruments and any related environmental and social plans (including Project-related accidents and complaints); and

(c) remedial measures taken or required to be taken to address such conditions.

5. Without limitation to the excluded expenditures provision set forth in the ESMF and the RPF, the Project Implementing Entity shall ensure that the following activities shall not be eligible to be included in or funded under the Project, namely any activities that would lead to conversion or degradation of critical natural habitats or their supporting areas.

6. The Project Implementing Entity shall maintain, throughout Project implementation, and publicize the availability of a grievance redress mechanism, in form and substance satisfactory to Bank, to hear and determine fairly and in good faith all complaints raised in relation to the Project, and take all measures necessary to implement the determinations made by such mechanism in a manner satisfactory to the Bank.

Section II. Project Monitoring Reporting and Evaluation

1. The Project Implementing Entity shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 (b) of the General Conditions and on the basis of indicators acceptable to the Bank. Each such Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank and the Borrower not later than four weeks after the end of the period covered by such report. Each such report will be incorporated
as an overall project report and will be submitted to the Bank, in copy to the Borrower, by the PIE.

2. The Project Implementing Entity shall provide to the Bank and the Borrower not later than three (3) months after the Closing Date, the report referred to in Section 5.08 (c) of the General Conditions and all such information as Bank or the Borrower shall reasonably request for the purposes of that Section.

Section III. Procurement

All goods, works and services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the provisions of the Procurement Regulations.

Section IV. Other Undertakings

The Project Implementing Entity shall ensure that interim design standards acceptable to the Bank shall be used for the design of the roads financed under Part 1 of the Project. Alternative design standards may only be used following previous written agreement between ADF, Selected Municipalities and the Bank.