



**USAID**  
FROM THE AMERICAN PEOPLE

LOCAL GOVERNANCE  
PROGRAM IN ALBANIA

# TEMPLATES AND PROCEDURES FOR SUCCESSFUL LOCAL GOVERNMENT BORROWING

WORKING DOCUMENT FOR LOCAL GOVERNMENT  
TECHNICAL STAFF

**REVISED MARCH 2011**

This publication was produced for review by the United States Agency for International Development. It was prepared by ARD, Inc.

Prepared for the United States Agency for International Development, USAID Contract Number DFD-I-00-05-00121-00, Task Order 05, Decentralization and Democratic Local Governance (DDLG) IQC (Decentralization II)

Prepared by: Ornela Shapo (Këmbora), LGPA/Component Leader for Local Economic Development

ARD Principal Contact: Benjamin Lawrence, [blawrence@ardinc.com](mailto:blawrence@ardinc.com)

ARD Home Office Address: ARD, Inc.  
159 Bank Street, Suite 300, Burlington, VT 05401  
Tel: 802 658-3890, Fax 802 658-4247  
[www.ardinc.com](http://www.ardinc.com)

# TEMPLATES AND PROCEDURES FOR SUCCESSFUL LOCAL GOVERNMENT BORROWING

WORKING DOCUMENT FOR LOCAL GOVERNMENT  
TECHNICAL STAFF

## **DISCLAIMER**

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.



# CONTENTS

<b>CONTENTS</b> .....	<b>i</b>
<b>1.0 INTRODUCTION</b> .....	<b>1</b>
<b>2.0 THE BORROWING PROCESS AND RESPECTIVE TEMPLATE DOCUMENTS</b> .....	<b>2</b>
2.1 RECOMMENDED STEPS, ACTORS, AND LOCAL BORROWING DOCUMENTS.....	2
2.2 TEMPLATE DOCUMENTS RECOMMENDED FOR EACH STEP IN THE PROCESS.....	4
1. Format for Calculation of Loan Limits.....	6
2. Letter of Notification to Ministry of Finance of Municipality's Intent to Borrow.....	9
3. Invitation Letter to Banks/Financial Institutions Requesting Expressions of Interest in Financing Local Government Investment Project(s).....	10
4.A. Letter to Interested Banks Asking for Submission of Formal Technical-Financial Offers.....	12
4.b. Financial Data for the LGU (same as Item 1, above).....	13
4.c. Description of Project to be Financed through Borrowed Funds [Sample Description].....	14
5. Mayor's Order on Establishment of Bank/Financial Institution Offer Evaluation Committee.....	15
6. Bank/Financial Institution Offer Evaluation Report.....	16
7. Letter to Winning Bank/Financial Institution Regarding their Offer.....	25
8. Public Notification of the Municipality/Commune Council Open Meeting to Discuss and Approve the Proposed Loan.....	26
9. Mayor's Draft Decision on Approval of Investment Project Loan Financing.....	27
10.a. Request to Ministry of Finance for Approval of Investment Project Loan Financing.....	28
10.b. Draft Loan Agreement Contract between LGU and Bank.....	30
10.c. Intercept Financing Agreement.....	41
10.d. LGU's Financial Data and Debt Limitation Calculation.....	46
11. Loan Agreement Contract and Intercept Agreement, if required (same as Items 10.b and 10.c, with any changes as may be required following Ministry of Finance Review).....	48
12. Revision of budget of the local government unit adding up funds from the loan and the capital expenditures to be financed by these funds.....	49
13. Request for Loan DISBURSEMENT.....	50
14. REPORTING THE SITUATION ON LOCAL BORROWING TO THE MINISTRY OF FINANCES.....	51
15. ESTABLISHMENT OF LOCAL DEBT ANNEX.....	53
<b>3. OTHER SITUATION THAT CAN COME UP IN LOCAL BORROWING ....</b>	<b>55</b>
3.1 IN CASE OF LOCAL GOVERNMENT UNIT'S FAILURE TO ABIDE TO THE CONTRACT.....	55
3.2 ENFORCEMENT OF INTERCEPTION AGREEMENT.....	56
3.3 CASE OF EVENT OF DEFAULT (INSOLVENCY).....	56



# 1.0 INTRODUCTION

These *Templates and Procedures for Successful Local Government Borrowing* were prepared after several local government technical staff identified them as a need resulting from their experience in carrying out the local borrowing process in their municipalities. Since its inception in September 2007, the USAID Local Government Program in Albania (LGPA) has focused not only on providing support for the sustainable economic growth of its 10 partner cities, but also on creating ‘best practice’ models to facilitate such processes throughout Albania.

The ability of local government units (LGUs) to finance infrastructure and other investment projects by taking loans from the private banking system is recognized throughout the world as an essential local government power, and led to the enactment in Albania of a Local Government Borrowing Law in February 2008, and its subsequent secondary legislation in November 2008. In April 2009, the LGPA prepared a *Local Government Borrowing Manual*, copies of which were made available to every local government in the country, and is available for download from the LGPA website: [www.lgpa.al](http://www.lgpa.al). Subsequently, the LGPA has assisted five municipalities to finalize municipal loans, and is working with an additional five municipalities to complete such loans. Korça is the first municipality to actually disburse and utilize the loan funds (in August 2010), for investment in local street and pedestrian area improvements.

Based on this experience, the need for drafting a set of standard legal documents to support successful local borrowing procedures has been identified. Some of the most important documents in this publication include the Loan Contract, Intercept Agreement as a specific guarantee for the loan, Bank Offer Evaluation Document, and various letters and memoranda required to document or expedite different stages of the process.

It is important to note that these templates are intended only as reference points for the municipalities and communes, and not as obligatory models to be followed in every particular. It is hoped and expected that the use of the templates as a starting point in negotiations will help standardize the process, eliminate unnecessary variations in offers and other documentation, and simplify the process for all parties. In every case, however, the proposed set of template documents shall be subject to negotiations between the municipality and the participating trade banks or other financial institutions. Further, any instructions and guidance that may be issued by the respective regulatory authorities will also take precedence over the template documents.

In drafting these documents, we have consulted the Albanian Association of Banks (AAB), whose members have contributed by providing legal and technical comments on two of the most important documents (Loan Contract and Interception Agreement).

The legal basis for local government borrowing includes the Law on Organization and Functioning of Local Government, the Local Government Borrowing Law, Instruction of the Ministry of Finance on Implementation of the Local Government Borrowing Law, Decision of the Minister of Finance on Annual Loan Disbursement for 2009, Regulations of the Bank of Albania on Transparency of Bank and Financial Institution Products and Services, and the Law on Banks of Albania.

# 2.0 THE BORROWING PROCESS AND RESPECTIVE TEMPLATE DOCUMENTS

## 2.1 RECOMMENDED STEPS, ACTORS, AND LOCAL BORROWING DOCUMENTS

The *Local Government Borrowing Manual*, prepared by LGPA/USAID in April 2009, details the procedures LGUs should follow to obtain loans from private banks and/or financial institutions within or outside the country, as well as their role in drafting their project proposals. The matrix below synopsis the steps LGUs should take in borrowing funds, the persons responsible for each step, timeframes required, and the respective legal or technical documentation to be prepared.

No.	Process/Step	Who is responsible	Timeframe	Documents to be prepared
1	Preparation of financial analysis and calculation of loan limits	Directorate of Finance & project working group	During preparations for next year draft budget (normally, in December)	Financial table according to Annex A of MoF Instruction No. 35, dated 5.11.2008
2	Notification of MoF about borrowing plan	Mayor & Directorate of Finance	Before December 31 of current year as part of next year budget plan	Notification letter to MoF
3	Opening of the process with banks/financial institutions	Mayor & project working group	When deemed reasonable	Invitation letter to banks/financial institution for expression of interest
4	Bank/financial institution offers and negotiation	Mayor & offer evaluation group	As specified in invitation letter to banks for expression of interest	Letter to interested banks/financial institutions requesting submission of their technical and financial offers & Project description of required investment & Financial table according to Annex A of MoF Instruction no. 35, date 5.11.2008
No.	Process/Step	Who is responsible	Timeframe	Documents to be prepared

5	Mayor's Order on Establishment of Bank/Financial Institution Offer Evaluation Committee	Mayor	Immediately after sending second letter to banks/financial institutions	Mayor's Order on Establishment of Offer Evaluation Committee
6	Bank/Financial Institution Offer Evaluation	Offer evaluation committee	As specified in Mayor's Order/Working Plan	Offer Evaluation Report
7	Notification of banks about their offers	Mayor & offer evaluation committee	Upon signing of Offer Evaluation Report	Letter to banks. The letter to the winner and letter to other banks with evaluation results
8	Public notification of the council meeting where loan is to be discussed	Mayor & working group/offer evaluation committee	At least 15 days prior to Municipal Council Meeting	Invitation letter to local media for participation in the Council's Open Meeting
9	Council meeting to obtain loan approval	Mayor & working group and offer evaluation committee	Not earlier than 15 days after inviting the public to participate in the council meeting	Mayor's Draft Decision on approval of the loan & Explanatory Report & Draft Loan Contract &/Interception Agreement with the Bank
10	Request for loan procedures & borrowing limitations control to MoF	Mayor & working group	Within 10 days from local approval of loan	Request to MoF for loan procedures & borrowing limitations control. & Draft Loan Contract & Intercept Financing Agreement (if foreseen on the Loan Contract) & financial data & calculation on borrowing limitation
11	Signing of Loan Contract with the bank/financial institution	Mayor	After approval of MoF and within timeframe agreed by both parties	Loan Contract (& Interception Agreement, if applicable)
13	Amendment of annual budget of the local government unit	Mayor and Local Council Directorate of Finance	Upon signing of Loan Contract with the bank	Amended local budget adding up funds from the loan and investment projects to be funded with these funds
12	Disbursement of loan by the bank/financial institution to the LGU	Mayor & working group/Directorate of Finance	Upon signing of Loan Contract, or as otherwise specified in the loan agreement	Request to general treasury Directorate under MoF & respective Treasury Branch for disbursement of loan
15	Report of LGU to Ministry of Finance on level of local public fund	Mayor /Directorate of Finance	Monthly / within the 20 <sup>th</sup> day of the next month	Informational letter to the Department of Debt of the Ministry of Finances
16	Establishment of the Annex on the Local Debt	Mayor /Directorate of Finance	Immediately upon disbursement of the loan	Annex on the Local Debt

## 2.2 TEMPLATE DOCUMENTS RECOMMENDED FOR EACH STEP IN THE PROCESS

Presented below is a list of documents we recommend to be prepared during the local borrowing process. Note that these documents are intended for reference only, and that LGUs are not obliged to use the same format. Nevertheless, it is important for those who undertake the loan process to follow the order below, and to meet the deadlines specified in the Local Government Borrowing Law, the Instruction of the Ministry of Finance on the Implementation of the Local Government Borrowing Law, and any further acts that might be issued by the regulatory authorities.

1. Calculation of loan limits;
2. Letter informing the Ministry of Finance (MoF) of the municipality's intent to borrow;
3. Invitation letter to banks/financial institutions requesting an expression of interest in financing local government investment project(s);
4. Letter to interested banks asking for submission of formal technical-financial offers that include:
  - a. Letter to the interested bank,
  - b. Relevant financial data for the LGU, and
  - c. Description of the project (or other use of the funds) to be financed through borrowed funds;
5. Mayor's Order on Establishment of Bank/Financial Institution Offer Evaluation Committee;
6. Bank/Financial Institution Offer Evaluation Report;
7. Letter to banks notifying them of the results of the offers' evaluation;
8. Public Notification of the Municipal/Commune Council open meeting to discuss and approve the proposed loan;
9. The following documents need to be prepared for consideration at the Council meeting:
  - a. Mayor's Draft Decision on approval of investment project loan financing,
  - b. Explanatory report attached to Mayor's Draft Decision,
  - c. Loan Contract between LGU and the successful bank/financial institution, and
  - d. Intercept Agreement (if foreseen by the loan contract);
10. Request to Ministry of Finance to review the loan procedures and borrowing limitations of investment project loan financing, which includes:
  - a. Municipality Council approval of the loan,
  - b. Draft loan agreement contract,
  - c. Intercept financing agreement (if it is foreseen in the loan agreement contract),

- d. LGU's financial data and debt limitation calculation, and
  - e. LGU's financial data (as requested at number 1 above);
11. Loan Contract and Interception Agreement (if applicable); and
  12. Amendment to the local budget adding up funds from the loan and investment projects to be funded with these funds
  13. Request to General Treasury Directorate within the Ministry of Finance and respective Treasury Branch for disbursement of the loan to the municipality's treasury account.
  14. An informational report sent to the Department of Debt at the Ministry of Finances on the situation of the local public debt;

## **1. FORMAT FOR CALCULATION OF LOAN LIMITS**

---

Municipality/Commune/Region	Period									
EXTRACT OF LOCAL BUDGET FINANCIAL DATA										
For purposes of estimating debt constraints before taking a new debt										
	Actual local budget*	Actual local budget	Actual local budget	Approved (planned) local budget	Actual implementation of local budget**	Annual Budget Forecast***	Annual Budget Forecast	Annual Budget Forecast	Annual Budget Forecast	Annual Budget Forecast
	Year n-3	Year n-2	Year n-1	Year n	Year n	Year n	Year n+1	Year n+2	Year n+3	Year n+...
<b>I. BUDGET DATA</b>										
<i>Current data, including:</i>										
<b>1. Local Taxes</b>	-	-	-	-	-	-	-	-	-	-
Property Tax										
Small Business Tax										
Tax on Impact of Construction on Infrastructure										
Hotel Tax										
Tax on Turnover of Restaurants, Hotels, etc.										
Temporary Tax										
Additional Taxes										
<b>2. Local Tariffs</b>	-	-	-	-	-	-	-	-	-	-
Cleaning Tariff										
Public Space Tariff										
Sign Tariff										
Road Lighting Tariff										
Green Areas Tariff										
Business Registration Tariff										
Advertising Tariff										
Parking Tariff										
Other/Administrative Services Tariff										
Social/Educational Services Tariff (kindergartens, dormitories, etc)										
Sport and Culture										
Others										
<b>3. Current non-taxable incomes</b>	-	-	-	-	-	-	-	-	-	-
Rent										
Other										
<b>4. UNCONDITIONAL TRANSFER</b>										
<b>5. Taxes from national sources (or administration)</b>	-	-	-	-	-	-	-	-	-	-
Vehicle Registration Tax										
Immovable Property Tax										
Other										
<b>6. EXPENSES FROM UNCONDITIONAL SOURCES</b>										

Municipality/Commune/Region	Period									
EXTRACT OF LOCAL BUDGET FINANCIAL DATA										
For purposes of estimating debt constraints before taking a new debt										
	Actual local budget*	Actual local budget	Actual local budget	Approved (planned) local budget	Actual implementation of local budget**	Annual Budget Forecast***	Annual Budget Forecast	Annual Budget Forecast	Annual Budget Forecast	Annual Budget Forecast
	Year n-3	Year n-2	Year n-1	Year n	Year n	Year n	Year n+1	Year n+2	Year n+3	Year n+...
Operational expenses, including:	-	-	-	-	-	-	-	-	-	-
General Public Services (administration)										
Public Services										
Public Transport, Road Transport management										
Housing and urban planning										
Water supply and wastewater network										
Education										
Social care										
Health care										
Culture/Sport										
Tourism/Other services										
Other services										
<b>II. Data about the debt</b>										
<b>Constraints on debt service</b>				-			-	-	-	-
Constraint of debt service: 20% of average amount (1+2+3+4+5) in years n-3, n-2, n-1				-			-	-	-	-
Constraint of debt service: (1+2+3+4+5-6)/1.4 for n-1 year				-			-	-	-	-
<b>Constraint on debt stock</b>				-			-	-	-	-
<b>Existing debt service</b>										
Principal										
Interest										
Commissions, other costs										
<b>Existing stock (unpaid)</b>										
New stock				-			-	-	-	-
<b>New allowable stock</b>										
New debt service										
<b>New allowable debt service</b>				-			-	-	-	-
<b>Mayor</b>					<b>Chief of Finance/</b>					

\*Actual data about the budget implementation in previous years

\*\* Actual data about the budget implementation in months before submission of loan application

\*\*\* Annual increase for every item cannot be expected to be higher than 7%. If higher increases are forecast, they must be thoroughly explained.

**2. LETTER OF NOTIFICATION TO MINISTRY OF FINANCE OF MUNICIPALITY'S INTENT TO BORROW**

---

**MUNICIPALITY/COMMUNE OF .....**

**MAYOR**

**Prot. No. ....**

**Date ...../...../20.....**

**To: Mr. ....**  
Minister  
Ministry of Finance

**From: Mr. ....**  
Mayor  
Municipality/Commune of .....

**Subject: Information**

Dear Mr. Minister,

Based on Article 7, point 4 of Law No. 9869, dated 4.02.2008 on Local Government Borrowing, we wish to inform you that the Municipality of \_\_\_\_\_ plans (according to its financial plans for 20xx) to obtain a loan from the domestic/foreign bank/financial market in the amount of ALL/Euro/USD ...yyyy.million.

Your Ministry shall be duly informed about all the further legal procedures according to the law and to your instructions.

Respectfully,

.....

---

**MAYOR**

**MUNICIPALITY/COMMUNE OF .....**

**3. INVITATION LETTER TO BANKS/FINANCIAL INSTITUTIONS REQUESTING EXPRESSIONS OF INTEREST IN FINANCING LOCAL GOVERNMENT INVESTMENT PROJECT(S)**

---

**MUNICIPALITY/COMMUNE .OF.....**

**MAYOR**

**Prot. No. ....**

**Date .....**

**Subject: Expressions of interest for project financing through local borrowing**

**To: ..... Bank**

**..... Bank**

**..... Bank**

Dear Sirs,

The Municipality/Commune of..... intends to carry out the following infrastructure projects as its priorities: (i) -----(name or briefly describe activities to be funded)-----.

According to our estimation, the intervention we intend to make, requires a financing of .... **ALL/EURO/USD.**

This amount exceeds the annual budget of our municipality. We have made an assessment of the legal constraints imposed by the Local Government Borrowing Law, and respective Instructions of the Ministry of Finance, and have concluded that the amount of ALL xxx million is within our municipality/commune legal constraints.

Being that the municipality/commune is obliged to make its intention public among as many interested actors as possible, we invite, through this letter, those banks that are interested in entering a loan agreement with our municipality, to express their interest in it.

We would like to emphasize that our municipality is in the process of drafting our next year budget, which makes it necessary for us to accelerate our decision-making process of identifying the main parameters of a potential loan, such as its maturity (the period for which the loan shall be taken), interest rate, elements of guarantee, contractual commissions, etc. We emphasize that these elements of the loan shall be part of the more technical negotiations to be held with the banks that submit a formal offer.

In order to be able to meet our deadline for drafting our budget for next year, we will accept expressions of interests from the banks only until .....20.... (date). All interested banks (those which intend to express their interest to the municipality/commune before this date) are invited to request all the necessary information in relation to this project, and the municipality/commune financial indicators (our contact person is Mr./Ms....., email: [personkontakti@bashkia.com](mailto:personkontakti@bashkia.com), tel: ..... ).

**Mr./Ms. ....**

---

**MAYOR**

**MUNICIPALITY/COMMUNE OF .....**

**4.A. LETTER TO INTERESTED BANKS ASKING FOR SUBMISSION OF FORMAL  
TECHNICAL-FINANCIAL OFFERS**

---

**MUNICIPALITY/COMMUNE OF .....**

**MAYOR**

**Prot. No. ....**

**Date .....**

**Subject: Technical-Financial Offer for Financing Investment Projects through a  
Bank Loan**

**To: ..... Bank**

Dear Mr./Ms. ....,

I would like to thank you for your interest in financing part of the municipality/commune investment projects. Following our invitation for expressions of interest (letter no. ...., dated ..... ) and your expression of interest (your letter no. ..., dated .....), we invite you to submit your technical-financial offer to the Secretary Office of the Municipality/Commune no later than ..... (date), in order for us to make a preliminary assessment of your intentions.

In order to enable you to have a calculation basis for your offer, please find attached financial data about our Municipality/Commune for the period 20xx – 20yy, which are also the financial indicators requested by the Ministry of Finance in such procedures, as well as a detailed description of the projects we intend to finance through this loan.

We would also like to inform you that after an assessment of all the technical-financial offers submitted to us, we will contact you regarding further negotiations and discussions. Should you need further details about this project, or about our municipality/commune finances, please contact Mr./Ms. ....(state the position of the contact person).

Respectfully,

**Mr./Ms. ....**

---

**MAYOR**

**MUNICIPALITY/COMMUNE OF.....**

**4.B. FINANCIAL DATA FOR THE LGU (SAME AS ITEM 1, ABOVE)**

---

**4.C. DESCRIPTION OF PROJECT TO BE FINANCED THROUGH BORROWED FUNDS  
[SAMPLE DESCRIPTION]**

**Title of Project “Building of ..... Road”**

The rapid development of our country, especially tourism in the city of ....., requires constant investments both for improving the existing roads, and for building new ones, to respond to the ever-increasing traffic on the ..... road segment. This road will be part of the ..... national road in the future, serving the tourist areas of this region. This road segment is one of the most important ones for our city. We expect to have a considerable increase in traffic on this segment, and we expect it to introduce a new urban concept in this region.

The project is drafted according to the standards and technical design criteria applicable for roads of the first category. The project includes the building of two sidewalks 2.5 meters wide each, and planting of trees at a distance of 4 meters apart. Quartz tiles will cover the sidewalks. The project includes the installment of both vertical and horizontal traffic signs, as well as the installment of new metallic lampposts on both sides of the road. It also includes the storm water and wastewater network, and the building of backup lines for power and telephone.

*Finally, by building this road, we will be able to reach the following parameters:*

- Manage speed;
- Increase traffic and passenger safety by installing the necessary traffic signs;
- Give priority to service vehicles, creating for the first time a lane for emergencies, buses, and ambulances.
- Provide organized parking space in the vicinity of social objects such as schools, businesses, etc.
- Ensure people can cross the road safely by providing traffic signs, road trees, and contemporary road lighting.

***Project cost estimation***

<b>No.</b>	<b>Items</b>	<b>Estimated Value (in ALL)</b>
1	Road	.....
2	Wastewater network	.....
3	Storm water network	.....
4	Power supply network	.....
5	Road trees	.....
6	Traffic signs	.....
	<b>Total amount</b>	.....

**5. MAYOR’S ORDER ON ESTABLISHMENT OF BANK/FINANCIAL INSTITUTION OFFER EVALUATION COMMITTEE**

---

**MUNICIPALITY/COMMUNE OF .....**

**MAYOR**

**Prot. No. ....**

**Date ...../...../20.....**

**Order**

**On establishment of an evaluation committee for review of financial offers submitted by banks interested in financing the “.....” Project through a loan**

In order to make a technical assessment of the offers submitted by the second-level banks, which have expressed an interest in financing the infrastructure projects “.....” I order the establishment of an offer evaluation committee, composed as follows:

1. .... – Chairperson
2. .... – Member
3. .... – Member
4. .... – Member
5. .... – Member

The committee is responsible for preparing a financial analysis of the received offers, and for drafting an Offer Assessment Report, with recommendations, to be presented to the Municipality/Commune Council.

The Directorate of Finance is responsible for foreseeing the necessary funds within the budget of 20xx..... for the debt service on the basis of the best received offer, and for preparing the information documentation for the Ministry of Finance immediately after the approval of the loan by the Municipality/Commune Council within the deadlines set by the law.

---

**MAYOR**

**MUNICIPALITY/COMMUNE.....**

**6. BANK/FINANCIAL INSTITUTION OFFER EVALUATION REPORT**

---

**MUNICIPALITY/COMMUNE OF .....**

**MAYOR**

**Prot. No. ....**

**Date ...../...../20.....**

**Decision**

**Evaluation of offers received by the banks interested in financing infrastructure projects through a loan in the Municipality/Commune of .....**

On ..... ....., the Evaluation Committee composed of:

1. .... – Chairperson
2. .... – Member
3. .... – Member
4. .... – Member
5. .... – Member

In response to Mayor’s letter No. ...., dated....., to banks inviting them to express their interests in financing the “.....” Project through a loan, the Municipality/Commune of ..... received xx technical expressions of interest, which are briefly presented below:

- ..... Bank
- ..... Bank
- ..... Bank
- ..... Bank
- ..... Bank

The terms of these offers are presented in the following matrix:

### Initial Offers Submitted by the Banks Prior to Technical Negotiations

Banks interested in financing the Municipality/ Commune	Principal/ Loan	Maturity	Annual interest	Bank Commissions	Penalties	Collateral	Method of Repayment	Other provisions
<b>Bank 1/Option 1</b>	113 000 000 ALL	60 months (5 years)	T-Bonds 12 months + 0.8% Minimum interest 8.5%	Disbursement commission = 0.2% loan amount	Not applicable	Interception of financing; guarantee through physical property;	Quarterly installments	
<b>Bank 1/Option 2</b>	113 000 000 ALL	84 months (7 years)	T-Bonds 12 months + 0.9% Minimum interest 8.5%	Disbursement commission = 0.2% loan amount	Not applicable	Interception of financing; guarantee through physical property;	Quarterly installments	
<b>Bank 1/Option 3</b>	113 000 000 ALL	120 months (10 Years)	T-Bonds 12 months + 1% Minimum interest 8.5%	Disbursement commission = 0.2% loan amount		Interception of financing; guarantee through physical property;	Quarterly installments	
<b>Bank 2</b>	113 000 000 ALL	5 - 6 years	T-Bonds 12 months + 1.9 % Minimum interest 10%	???	Not applicable	Interception of financing	???	
<b>Bank 3</b>	113 000 000 ALL	7 years & 6-12 months grace depending on municipality's request	T-Bonds 12 months + 0.5%	Administration commission = 0.5% of the loan	* penalty for delay in payment of installment 5% on interest	Interception of municipality income	???	*No less than 70% of the municipality activity to go through this bank ** municipality payroll

<b>Banks interested in financing the Municipality/ Commune</b>	<b>Principal/ Loan</b>	<b>Maturity</b>	<b>Annual interest</b>	<b>Bank Commissions</b>	<b>Penalties</b>	<b>Collateral</b>	<b>Method of Repayment</b>	<b>Other provisions</b>
<b>Bank 4</b>	113 000 000 ALL	Investment period	T-Bonds 12 months + 1.0 %	Commitment commission = 0.25% of loan amount	???	???		
<b>Bank 5</b>	113 000 000 ALL	5; 6; 7 years	T-Bonds 12 months + 1.5%	Administrative cost = 0.5%	*penalty for total repayment of remaining loan before maturity is 2% of remaining loan *Penalty for partial repayment of remaining loan is 2% of repaid amount	Interception of financing + guarantee by USAID	monthly = principal + interest	

The table below shows a summary of the above offers:

<b>Banks interested in financing the Municipality/Commune</b>	<b>Norm T-Bonds 12 Months</b>	<b>Annual interest</b>	<b>Real interest for the first year (commissions included)</b>	<b>Commission in ALL</b>	<b>Amount of Offered Loan</b>
<b>Bank/Option 1</b>	8.35	<b>9.15</b>	9.35	226,000	113,000,000
<b>Bank 1/Option 2</b>	8.35	<b>9.25</b>	9.45	226,000	113,000,000
<b>Bank 1/Option 3</b>	8.35	<b>9.35</b>	9.55	226,000	113,000,000
<b>Bank 2</b>	8.35	<b>10.25</b>	???	???	113,000,000
<b>Bank 3</b>	8.35	<b>8.85</b>	9.35	565,000	113,000,000
<b>Bank 4</b>	8.35	<b>9.35</b>	9.60	282,500	113,000,000
<b>Bank 5</b>	8.35	<b>9.85</b>	10.35	565,000	113,000,000

Translated into concrete monetary terms for the municipality finances, these offers are as below:

**Offers before negotiations**

years	Period	Debt service limits/ constraints	Installments according to Bank 1/ Option 1	Installments according to Bank 1/ Option 2	Installments according to Bank 1/ Option 3	Installments according to Bank 2	Installments according to Bank 3	Installments according to Bank 4	Installments according to Bank 5
1	2010	33,613	28,473	22,215	17,661	25,857	22,279	24,961	22,971
2	2011	65,919	28,247	21,989	17,435	25,292	21,714	24,679	22,406
3	2012	70,165	28,247	21,989	17,435	25,292	21,714	24,679	22,406
4	2013	77,006	28,247	21,989	17,435	25,292	21,714	24,679	22,406
5	2014	80,856	28,247	21,989	17,435	25,292	21,714	24,679	22,406
6	2015	84,899		21,989	17,435	25,292	21,714	24,679	22,406
7	2016	89,144		21,989	17,435		21,714		22,406
8	2017	93,601			17,435				22,406
9	2018	98,281			17,435				
10	2019	103,195			17,435				
11	2020	108,355							
12	2021	113,773							
13	2022	119,461							
14	2023	125,434							
15	2024	131,706							
	<b>Total</b>	<b>1,395,409</b>	<b>141,462</b>	<b>154,151</b>	<b>174,577</b>	<b>152,319</b>	<b>152,561</b>	<b>148,356</b>	<b>179,815</b>

**FINDINGS: [Sample]**

Since the submitted offers were very general, we decided to proceed with technical negotiations with only two of the banks that offered the best interest rates. Bank 3's offer was not considered useful, although it offers a lower interest rate, because the offer submitted by this bank would condition the realization of the payroll of the municipality and its other institutions (through this bank), and because it showed no interest in further negotiations to revise its offer.

The members of the Offer Evaluation Committee carried out technical negotiations with the respective bank representatives. The committee gave the banks a more detailed description of the projects to be financed, and the banks were asked to provide further details about elements of their offers, such as maturity, applied interest rate, guarantees, payment plans, and bank commissions.

Following technical negotiations with the two above-mentioned banks, they revised and resubmitted their offers, as described below:

## Revised and Resubmitted Bank Offers, following Technical Negotiations

Banks interested in financing municipality/ commune projects	Principal/ loan	Maturity	Annual interest	Bank commissions	Penalties	Collateral	Repayment Method	Other provisions
<b>Bank 1/ Option 1</b>	113 000 000 ALL	60 months (5 years)	T-Bonds 12 months + 0.8%	Disbursement commission = 0.2% of loan amount	Not applicable	Interception of financing; guarantee by physical assets;	Quarterly installments	
<b>Bank 1/ Option 2</b>	113 000 000 ALL	84 months (7 years)	T-Bonds 12 months + 0.9%	Disbursement commission = 0.2% of loan amount	Not applicable	Interception of financing; guarantee by physical assets;	Quarterly installments	
<b>Bank 1/ Option 3</b>	113 000 000 ALL	120 months (10 years)	T-Bonds 12 months + 1%	Disbursement commission = 0.2% of loan amount	Not applicable	Interception of financing; guarantee by physical assets;	Quarterly installments	
<b>Bank 2</b>	113 000 000 ALL	5 - 6 years	T-Bonds 12 months + 1.9 % Minimum interest 10%	???	Not applicable	Interception of financing	???	
<b>Bank 3</b>	113 000 000 ALL	7 years & 6-12 months grace depending on municipality request	T-Bonds 12 months + 0.5%	Disbursement commission = 0.5% of loan amount	* Penalty on delay of payment of installments is 5% on interest	Interception of municipality's income	???	* No less than 70% of the municipality activity to go through this bank ** municipality payroll
<b>Bank 4</b>	113 000 000 ALL	Investment period	T-Bonds 12 months + 1.0 %	Management fee = 0.25% of loan amount	???	???		

Banks interested in financing municipality/ commune projects	Principal/ loan	Maturity	Annual interest	Bank commissions	Penalties	Collateral	Repayment Method	Other provisions
Bank 5	113 000 000 ALL	5; 6; 7 years	T-Bonds 12 months + 1.5%	administrative cost= 0.5%	*Penalty on total repayment of remaining loan before maturity is 2% of remaining loan amount *Penalty on partial repayment of remaining amount is 2% of repaid amount	Interception of financing + USAID guarantee	monthly = principal + interest	

In order to compare these offers, we prepared the table below:

Banks interested in financing municipality projects	Norm T-Bond 12 months	Annual interest	Real interest for first year (including commissions)	Commission in ALL	Amount of Offered Loan
Bank 1/Option 1	8.17	<b>8.97</b>	9.17	226,000	113,000,000
Bank 1/Option 2	8.17	<b>9.07</b>	9.27	226,000	113,000,000
Bank 1/Option 3	8.17	<b>9.17</b>	9.37	226,000	113,000,000
Bank 2	8.17	<b>10.07</b>	???	???	113,000,000
Bank 3	8.17	<b>8.67</b>	9.17	565,000	113,000,000
Bank 4	8.17	<b>9.17</b>	9.42	282,500	113,000,000
Bank 5	8.17	<b>9.67</b>	10.17	565,000	113,000,000

The evaluation group appraised the final bank offers (except for the previously submitted offers —as a result of technical negotiations with the interested banks) submitted by the xx banks, which expressed an interest in offering a long-term loan for financing some of the city’s infrastructure projects, assessing each of the loan elements (maturity, interest rate, bank commission) as well as the annual plan of the bank loan (principal + interest) service, and the reviewed payroll service.

These are the bank offers after this process:

### After Final Negotiations

Years	Period	Debt service limit/ constraint	Installments Bank 1/Option 1	Installments Bank 1/ Option 2	Installments Bank 1/ Option 3	Installments Bank 2	Installments Bank 3	Installments Bank 4	Installments Bank 5
1	2010	33,613	28,473	22,215	17,661	25,857	22,279	24,961	22,971
2	2011	65,919	28,247	21,989	17,435	25,292	21,714	24,679	22,406
3	2012	70,165	28,247	21,989	17,435	25,292	21,714	24,679	22,406
4	2013	77,006	28,247	21,989	17,435	25,292	21,714	24,679	22,406
5	2014	80,856	28,247	21,989	17,435	25,292	21,714	24,679	22,406
6	2015	84,899		21,989	17,435	25,292	21,714	24,679	22,406
7	2016	89,144		21,989	17,435		21,714		22,406
8	2017	93,601			17,435				22,406
9	2018	98,281			17,435				
10	2019	103,195			17,435				
11	2020	108,355							
	<b>Total</b>	<b>905,035</b>	<b>141,462</b>	<b>154,151</b>	<b>174,577</b>	<b>152,319</b>	<b>152,561</b>	<b>148,356</b>	<b>179,815</b>

In order to make a precise analysis of the offers, we assessed the loan costs according to actual value method below:

### Offer Actual Value

Years	Period	Discount Rate (1+r) <sup>n</sup>	PV of annual payments Bank 1/ Option 1	PV of annual payments Bank 1/ Option 2	PV of annual payments Bank 1/ Option 3	PV of annual payments Bank 2	PV of annual payments Bank 3	PV of annual payments Bank 4	PV of annual payments Bank 5
	2009								
1	2010	1.095	26,003	20,288	16,129	23,614	20,346	22,796	20,978
2	2011	1.199025	23,558	18,339	14,541	21,094	18,109	20,582	18,687
3	2012	1.31293238	21,515	16,748	13,280	19,264	16,538	18,797	17,066
4	2013	1.43766095	19,648	15,295	12,127	17,593	15,103	17,166	15,585
5	2014	1.57423874	17,943	13,968	11,075	16,066	13,793	15,677	14,233
6	2015	1.72379142	-	12,756	10,114	14,672	12,596	14,317	12,998
7	2016	1.88755161	-	11,650	9,237	-	11,504	-	11,871
8	2017	2.06686901	-	-	8,436	-	-	-	10,841
9	2018	2.26322156	-	-	7,704	-	-	-	-
10	2019	2.47822761	-	-	7,035	-	-	-	-
11	2020	2.71365924	-	-	-	-	-	-	-
	<b>Total</b>		<b>108,667</b>	<b>109,045</b>	<b>109,678</b>	<b>112,304</b>	<b>107,990</b>	<b>109,334</b>	<b>122,259</b>

Interest rate 2 years Government Bonds	0.095	0.095	0.095	0.095	0.095	0.095	0.095	0.095
	<b>2</b>	<b>3</b>	<b>5</b>	<b>6</b>	<b>1</b>	<b>4</b>	<b>7</b>	

The best offers are summarized below:

Amount of loan 113 million ALL		Loan cost until end of maturity	
Interested banks			
1	Bank 3	152,561	
2	Bank 1/Option 1 & 2 & 3	141,462	154,151
3	Bank 4	148,356	
4	Bank 2	152,319	

The best offer was given by Bank 3, which for the amount of 113,000,000 ALL, expects at the end of a seven-year period a total of 152,561,000 ALL (management fee included). Second best offer was given by Bank 1, which for the amount of 113,000,000 ALL, expects at the end of a five-year period a total amount of 141,462,000 ALL (management fee included).

The offer evaluation committee excluded Bank 3 from the best offers list, because the bank conditioned the loan with the transfer of the municipality's payroll service through this bank against highest transaction commissions in the market (which would damage our employees' finances). The second best bank, Bank 1, on the other hand, did not set any conditions after negotiations (this bank removed the minimal interest rate of 8.5% per year after the negotiations). Of the three offers submitted by this bank, the one with a maturity period of five years has actually the lowest repayment amount, but our objective is to be able to repay as little as we can from our investment fund in order to continue to invest through the years to come. Therefore, we identified the offer given by Bank 1 as the best one (maturity: 7 years, and total repaid amount for 113 million ALL is 154,15 million ALL, including commissions).

The detailed loan terms are:

- Best offer given by Bank 1;
- Total amount of loan 113 million ALL;
- Annual interest rate in ALL: 12-months T-Bonds 12 + 1%;
- Maturity 7 years; repayment= principal + interest on quarterly basis;
- Purpose of loan: financing of infrastructure project named .....
- Loan Guarantee: municipality/commune unconditional incomes;
- Management commission is 0.2% on principal; and
- Repayment to be made in quarterly installments.

The Mayor shall continue further procedures for the approval of this loan by the Municipality/ Commune Council, and by the Ministry of Finance.

---

**MAYOR**

**MUNICIPALITY/COMMUNE OF.....**

**7. LETTER TO WINNING BANK/FINANCIAL INSTITUTION REGARDING THEIR OFFER**

---

**MUNICIPALITY/COMMUNE OF .....**

**MAYOR**

**Prot. No. ....**

**Date ...../...../20.....**

**To: Mr. ....**  
..... Bank

**From: Mr. ....**  
Mayor of ..... Municipality/Commune

**Subject: Your offer for financing our investment projects through a loan**

Dear Mr./Ms. ....,

We would like to thank you for your interest in financing the investment projects of our Municipality/Commune for 20... - 20... by offering us a loan. We would like to inform you that your offer is the best offer we have received.

In order to accelerate the further legal loan procedures, please send us a draft loan contract, which is required as part of the documents to be approved by the Municipality/Commune Council, and, further by the Ministry of Finance, if approved by the Council.

Hoping that our respective legal departments shall approve this draft loan, we are looking forward to receiving a formal document from you regarding the contract loan, and other legal provisions following the respective negotiations.

Respectfully,

---

**MAYOR**

**MUNICIPALITY/COMMUNE OF .....**

**8. PUBLIC NOTIFICATION OF THE MUNICIPALITY/COMMUNE COUNCIL OPEN MEETING TO DISCUSS AND APPROVE THE PROPOSED LOAN**

---

**MUNICIPALITY/COMMUNE OF .....**

**MAYOR**

**Prot. No. ....**  
**...../...../20.....**

**Date**

**Notification**

**About the next meeting of the ..... Municipality/Commune Council**

Dear citizens,

We wish to inform you that following a serious analysis of the priority needs of our city, our community, and local businesses, the Municipality/Commune has applied for a loan in the domestic bank system in order to finance the following important projects: (i) ..... (ii)..... and (iii).....

These projects will significantly improve the infrastructure of our city, especially in the area of ....., improve the life of citizens in this area, boost business activities, and thus lead to an increase of our Municipality/Commune incomes.

The Municipality/Commune Council will discuss and vote on this loan application at its next meeting on ..... Below are some essential data about this loan:

- Amount of loan ..... million ALL;
- Annual interest rate in ALL: Treasury Bonds 12 months + .....%;
- Loan from the bank market;
- Maturity: .....; repayment terms: principal plus interest every .....
- Loan purpose is to finance the ..... infrastructure project;
- Guarantees for repayment of loan: municipality/commune unconditional incomes;
- In applying for this loan, the Municipality/Commune has respected all the debt constraining criteria under Chapter IV of law 9869, dated 4.02.2008 “On Local Government Borrowing”; and
- Useful life of the \_\_\_\_\_ being financed by this loan shall be xx years.

This is to inform you that the Municipality/Commune Council meeting is open to the public, and we have the honor of inviting you to participate as actively as possible.

---

**MAYOR**

**MUNICIPALITY/COMMUNE OF .....**

**9. MAYOR'S DRAFT DECISION ON APPROVAL OF INVESTMENT PROJECT LOAN FINANCING**

---

MUNICIPALITY/COMMUNE OF .....

**MAYOR**

**Prot. No. ....**  
...../...../20.....

**Date**

**Draft Decision<sup>1</sup>**

**On Approval of Bank Loan for Financing “.....” Project**

Based on Law 8652, dated 31.07.2000, “On Organization and Functioning of the Local Government” and Law 9869, dated 4.02.2008, “On Local Government Borrowing”, Article 7, points 1 and 2, and Instruction No. 35, dated 5.11.2008 of the Ministry of Finance “On Implementation of Law No. 9869, dated 4.02.2008, “On Local Government Borrowing”, the Mayor proposes to the Municipality/Commune Council:

**To approve the bank loan described below in technical-financial details for financing the ..... project:**

- a. The purpose for which this loan is taken is the financing of the ..... Project;
- b. Amount of loan ..... million ALL;
- c. Annual interest rate in ALL: .....%;
- d. This loan is to be taken from the bank loan, specifically from the ..... Bank;
- e. Maturity: ..... years;
- f. Method of repayment: principal + interest every ..... months/years according to the amortization table proposed by the awarded bank, part of the loan contract;
- g. Guarantee for repayment of loan: municipality/commune unconditional incomes and/or .....
- h. In applying for this loan, the Municipality/Commune has respected all debt constraint criteria according to Chapter IV of Law 9869, dated 4.02.2008 “On Local Government Borrowing”, which include:
  - Stock constraint – loan not more than ..... million ALL, and
  - Debt service for year 20..... not more than ..... million ALL; and
- i. Life of road to be financed by this loan is 15 years.

---

**MAYOR**

---

**Council Secretary .....**

---

<sup>1</sup> This draft decision is accompanied by an explanatory report about the loan for which is applied, as well as about the projects to be financed by that loan, their cost, their impact on the community, and the process undertaken by the LGU for obtaining this loan. The report should also contain a list of the offers it has received from banks/financial institutions, the selection procedure, and other documents that have been previously produced before coming to this stage.

**10.A. REQUEST TO MINISTRY OF FINANCE FOR APPROVAL OF INVESTMENT  
PROJECT LOAN FINANCING**

---

**MUNICIPALITY/COMMUNE OF .....**

**MAYOR**

**Prot. No. ....**

**Date ...../...../20.....**

**To: Mr. ....**  
Minister  
Ministry of Finance

**From: Mr. ....**  
Mayor  
Municipality/Commune of .....

**Subject: Request for Approval of a Loan from the Bank System for Financing  
Infrastructure Projects of our City<sup>2</sup>**

Dear Mr. Minister,

Based on Law 9869, dated 4.02.2008 “On Local Government Borrowing”, Article 7, point 4, and your Instruction No. 35, dated 5.11.2008, Article 3, point 8, we would like to inform you that our Municipality/Commune has seriously assessed our urgent needs for some investment projects in our city, and has therefore undertaken all the legal procedures for taking a loan from the Albanian bank market. Please find enclosed with this letter a description of the need for the implementation of this project; and additional information to meet the legal requirements concerning provision of information to your institution about loans, including:

1. A copy of the decision of the Municipality/Commune on approval of the Loan Contract;
2. Draft Loan Contract between our Municipality/Commune and the financial institution from which we have decided to take the loan;
3. A table of our incomes and operational expenses for three previous years (2006-2009), and a confirmation of these data by the Treasury of .....; and
4. The debt service cost for the current fiscal year, including the new loan forecast cost.

Hoping that you will find the procedure we have followed correct, we look forward to receiving your confirmation so that this loan may become effective.

Respectfully,

---

---

<sup>2</sup> As it is mentioned in the letter itself, the letter shall be accompanied by a number of other documents, which you may find in the previous sample documents, except for the loan service cost analysis, which may be found in following documents. We note that this is a reference document, but experience shows that certain local government units have also enclosed the Prefect's approval of the Municipality/Commune decision in this request to the Minister.

**MAYOR**

## 10.B. DRAFT LOAN AGREEMENT CONTRACT BETWEEN LGU AND BANK

---

**Logo of Municipality/Commune**

**Logo of the Bank/Financial Institution**

**REPUBLIC OF ALBANIA**

**Client No.:** \_\_\_\_\_

**CHAMBER OF NOTARIES .....**

**Loan No:** \_\_\_\_\_

**REP. NO.** \_\_\_\_\_

**KOL. NO.** \_\_\_\_\_

### **LOAN CONTRACT<sup>3</sup>**

In \_\_\_\_\_, on \_\_\_\_\_, in my presence, the Public Notary \_\_\_\_\_, there appeared following persons:

**Lender: The \_\_\_\_\_ Bank sh.a.** (a company of limited responsibility), a legal entity registered with the National Registration Center by its Taxpayer Identification Number \_\_\_\_\_ on \_\_\_\_\_ with its seat in \_\_\_\_\_, Tirana, hereinafter referred to as the Lender, licensed by the Bank of Albania through License No. \_\_\_\_\_ dated \_\_\_\_\_, represented by Mr. \_\_\_\_\_, a citizen of \_\_\_\_\_, born in \_\_\_\_\_, on \_\_\_\_\_, with passport number/id card number \_\_\_\_\_, of full legal capacity to act,

and

**BORROWER: MUNICIPALITY/COMMUNE OF \_\_\_\_\_, A LOCAL GOVERNMENT UNIT** pursuant to the Albanian legislation, with its permanent seat in \_\_\_\_\_, represented by \_\_\_\_\_ in his/her quality as the Mayor, born on \_\_\_\_\_, Passport/ID card number \_\_\_\_\_, duly authorized by decision no. \_\_\_\_\_ date \_\_\_\_\_ of the Municipal/Communal Council, hereinafter referred to as the Borrower.

The Parties have agreed beforehand to enter into the present contract based on Law No.9869 dated 04.02.2008 "On Local Government Borrowing", Law No. 8652 dated 31.07.2000 "On the organization and functioning of the Local Government", and further based on the Instruction No.35, dated 05.11.2008 of the Ministry of Finance, under the following terms and conditions:

#### **[Note]**

This section lays out the parties of the loan contract. Pursuant to law no. 9869 date 4.2.2008, local government units (municipality/commune/region) and financial institutions (bank/international financial institutions) or other economic units under the line authority of the local government unit, or of the financial institutions are eligible to become parties of a loan contract.

---

<sup>3</sup> The draft loan contract is drafted within the framework of a loan contract that foresees the full repayment of the principal and of the applying interest through monthly/quarterly rates, etc, as laid out in the settlement plan. It should be duly noted also that specific contractual provisions / draft overdraft agreements or other lines of credit also apply, taking into account that the provision given under Article 3, point 5 of Law no.9869 dated 4.2.2008 "On Local Government Borrowing" includes the above types of bank loans in financing agreements.

## **ARTICLE 1: DEFINITIONS**

For purposes of this agreement, the following terms have these meaning:

- Ministry of Finance – is the Ministry of Finance of the Republic of Albania.
- Parties – are the Lender and the Borrower.
- Loan – Relates to each and any amount of money that is owed to the Lender by the Borrower under to the terms and conditions of the present contract that includes the principal, interest, penalties, engagement fee, and any other payable fee to the Lender on the grounds of the present Contract.
- Working Day – each and any day in which second-level banks in the Republic of Albania are open for processing regular bank transactions.
- Debt – is the total amount of loan taken from the banking or financial market, with repayment terms, with or without interest, that are born by the Borrower.
- Debt Service – are the payments due for each fiscal year on account of the principal, interests, discounts and other loan-related payments, including the expenses related to it.
- Loan Contract – is the present contract, which provides for the terms and conditions for its execution with regard to the fulfillment of the duties and obligations by the Borrower.
- Default – is the failure of the Borrower (local government unit) to pay back the principal and/or the interest, or other obligations under the present Loan Contract in accordance with its terms and conditions.
- Local Debt Registry – is the register prepared by the Ministry of Finance, which contains the data on the debts of local government units.
- Municipal/Communal Council of \_\_\_\_\_ - is the decision-making body that adopts the conditions and authorizes the entering into the contract among the parties.

[Note]

This section lays out the terms used in the present contract. These terms have been set out in Law 9869, dated 4.2.2008, which provides the basic terms contained in the loan contracts entered with banks.

## **ARTICLE 2: OBJECT OF THE CONTRACT**

- 2.1** The Lender provides to the Borrower and the Borrower receives from the Lender a Loan in line with the terms and conditions stipulated in the present Loan Contract, hereinafter referred to as “The Contract” pursuant to the provisions of Law 9869, dated 04.02.2008 “On Local Government Borrowing” and Instruction No.35, dated 05.11.2008 of the Ministry of Finance.

## **ARTICLE 3: PURPOSE AND AMOUNT OF THE LOAN**

- 3.1** The amount of the principal of the Loan that will be disbursed from the Lender to the Borrower pursuant to the present contract amounts to: ALL/EUR/USD \_\_\_\_\_ million.
- 3.2** The purpose of the Loan is to \_\_\_\_\_.
- 3.3** The Borrower shall, in no case and under no circumstance, use the received Loan for a purpose different than the purpose stated under point 3.2 above. In case the borrower asks to change the purpose/destination of the loan, the procedure set out in Law 9869, dated 04.02.2008 “On Local Government Borrowing” and its sublegal acts shall apply. In each and every case changes to the purpose of the loan shall be conditional upon the prior written approval of the Lender.

[Note]

The Purpose of the Loan in the framework of a long-term or short-term loan should be in line with the provisions of Article 4 of Law 9869, dated 04.02.2008 “On Local Government Borrowing”. In more concrete terms, a short-term loan is used to finance temporary liquidity shortfalls, whereas a long-term loan is used to: (i) fund a capital expenditure that is incurred by the local government unit or (ii) to service existing long-term loans. In line with Article 4, point 2 of Instruction No.35, dated 05.11.2008 of the Ministry of Finance “On the implementation of Law 9869, dated 04.02.2008 “On Local Government Borrowing” in the case a short-term loan exceeds the amount authorized in principle by the local council, it should be explicitly approved by the council.

#### **ARTICLE 4: MATURITY AND REPAYMENT**

- 4.1** The repayment of the principal in the amount agreed in Article 3 of the present Contract shall be implemented through \_\_\_\_\_ (\_\_\_\_\_) rates, 3 (three)/6 (six)/12 (twelve) month each. The repayment of the first rate starts \_\_\_\_\_ days upon the disbursement date of the loan amount/first installment of the principal.
- 4.2** The maturity of the payment of the loan rates, interest, the repayment plan and the amount of principal for every rate shall be set out in the repayment plan that shall be attached as a constitutive part of the present contract and shall be considered as such upon its signature (signature of the repayment plan). The Borrower shall sign and present the repayment plan on the day of disbursement of the present loan. In the case there will be more than one disbursement, the Lender will present a repayment plan for each disbursement. The Borrower will confirm he has accepted such plan by signing the repayment plan.

[Note]

With regard to the decision-making on the loan application, it is necessary to refer to and to reflect on the contract document the following legal references:

In the case of long-term loans:

*Article 7 (point 1, 5, 6) of Law no. 9869, date 4.2.2008 “On Local Government Borrowing”, Article 3 (points 5, 9) of Instruction no. 35, date 5.11.2008 “On the implementation of Law no. 9869, date 4.2.2008 On Local Government Borrowing”]*

- Written approval by the Council of the conditions of the loan, of the given warranties, and of the draft agreement.
- Approval by the Ministry of Finance (written or through its non-objection upon the expiry of the 20 days term)

In the case of short-term loans:

*Article 7 (point 1, 5, 6) of Law no. 9869, date 4.2.2008 “On Local Government Borrowing”, Article 4 (point 2, 3) of instruction no. 35, date 5.11.2008 “On the implementation of Law no. 9869, date 4.2.2008 “On Local Government Borrowing”]*

The Council’s approval in principle on the budget is required/in the case the amount that has been approved in principle is exceeded, an explicit decision on this is necessary.

#### **ARTICLE 5: DISBURSEMENT**

- 5.1** The loan amounts to \_\_\_\_\_.
- 5.2** The Lender shall disburse the required amount upon receiving a written notification by the Borrower within \_\_\_\_\_ banking days from receiving the notification.
- 5.3** The failure to request the full disbursement of the loan that is the object of the present contract, upon the expiry of the 12-months period from its signature date does not constitute a ground for the interruption of the payment of the previous obligations of the Borrower and/or the suspension or termination of the present contract. Should such a case occur, the present contract shall be deemed valid and amended only with regard to its object. The new object of the contract shall be the amount of the loan disbursed until the completion of the

12-months period from the signature of the contract in addition to the engagement fee for the remaining undisbursed amount in accordance with the definition of the paragraph 6.7 below.

[Note]

The disbursement of the loan should be specified in the contract and shall not pertain to the discretion of either party (lender or borrower) with the exception of the overdraft. In the case of overdraft, the borrower may use the debit surplus on the account, provided that such use is in line with the purpose of the loan.

## ARTICLE 6: INTERESTS AND FEES

### 6.1 Option A:

The effective annual interest rate for the payment of the loan shall be defined as the sum of the variable interest rate with the invariable interest rate. It shall be calculated as follows:

**Treasury Bonds in Albanian ALL issued by the Government of the Republic of Albania with a maturity term \_\_\_\_\_ monthly (variable rate) + \_\_\_\_\_ (\_\_\_\_points\_\_\_\_) percentage points per year (invariable rate)**

### Option B:

The effective annual interest rate for the payment of the loan has an invariable rate of \_\_\_\_\_ (\_\_\_\_\_) % percentage points per year. The interest to be paid by the Borrower to the bank shall be applied on an annual basis: number of days/360 and shall be calculated upon the amount of the loan (the principal) indicated in Article 1.1. The interest rate of the loan shall be equal to:

The interest rate of the loan shall be equal to:

- The Baseline Interest Rate shall be the one-year index EURIBOR/LIBOR published in the Reuters Screen LIBOR Page/Treasury Bond Index, the Interest resulted by the last auction of Treasury Bonds with one year maturity on the day of the disbursement of the loan (plus) + \_\_\_\_\_ % (\_\_\_\_\_) percent), annually; at any rate, taking into account that the total of the annual interest shall be by no means inferior than \_\_\_\_\_ % in the year.

### **The annual interest consists of the following components:**

i) A fixed quota, which is invariable (set by the bank), equal to \_\_\_\_\_ % (\_\_\_\_\_) percent);

*and*

ii) The Baseline Interest Rate, which is a variable quota, equal to the one-year index EURIBOR/LIBOR published in the Reuters Screen LIBOR Page/Treasury Bond Index, the Interest resulted by the last auction of Treasury Bonds with one year maturity. Initially, the Baseline Interest Rate shall be equal to the relevant EURIBOR/LIBOR index published in the Reuters Screen LIBOR Page/ Treasury Bond Index, the Interest resulted by the last auction of Treasury Bonds with one year maturity on the day of the disbursement of the loan [in the case the loan is disbursed in installment, the date of the disbursement of the first installment shall be considered as the first day] The Baseline Interest Rate changes automatically every year depending on the changes in the international market. It shall be equal to the relevant EURIBOR/LIBOR index published in the Reuters Screen LIBOR Page/Treasury Bond Index, the Interest resulted by the last auction of Treasury Bonds with one year maturity, on the date of the disbursement of the 12<sup>th</sup> payment rate. The same calculation method shall be used every year until the completion of the duration of the loan. Except for the above provisions, the Baseline Interest Rate shall also change if the parties to the present contract decide to change the fixed and invariable interest quota. It will be equal to the relevant EURIBOR/LIBOR index published

at that date in the Reuters Screen LIBOR Page/Treasury Bond Index, the Interest resulted by the last auction of Treasury Bonds with one year maturity. In order to get to know the changes in the contractual interest that result as a consequence of the change of the Baseline Interest Rate, the Borrower shall come to the Bank so as to receive the new Schedule of the Repayment of the Loan.

In no case, regardless of the changes that diminish the Baseline Interest Rate, the total amount of the annual interest shall not be calculated, with regard to the relations among the Bank and the Borrower, on an amount that is less than \_\_\_\_\_ % per year.

- 6.2** The invariable rate, in accordance with the above paragraph 6.1, shall not be changed for the whole duration of the present Contract and for the whole duration of the repayment of this Loan.
- 6.3** The interest that the Borrower is obliged to pay to the bank shall be applied on an annual basis; the number of days/360 and shall be calculated on the amount of the loan (the principal) mentioned in Article 3.1 of the present contract. The rate is based on principal plus interest. The part of the principal in the rates of the loan shall be distributed evenly for the whole duration of the loan, while the interest shall be calculated on the remaining (unpaid) part of the loan.
- 6.4** An engagement fee of \_\_\_\_\_ (\_\_\_\_\_) % on the disbursed amount of the loan shall be deducted from the Lender upon disbursement.
- 6.5** An engagement fee of \_\_\_\_\_ (\_\_\_\_\_) % per annum (one percent per year) shall be paid for the part of the loan that has not been disbursed. This fee shall be applied on an annual basis. The calculation method is the following: Actual/360 (number of days/three hundred and sixty). The fee shall be paid on a monthly basis, starting from the payment of the first rate 30 (thirty) days upon the disbursement of the loan, in reliance to the amounts and dates of the loan, as set out in the Schedule for the Payment of the Engagement Fee, that is given by the bank to the Borrower on the dates of the disbursement of the amounts of the loan.
- 6.6** The Effective Interest Rate represents the total of the loan cost for the Borrower. It is expressed as an annual percentage of the value of the given loan. It is calculated based on the assumption that this contract is valid for the contractual term, and on the assumption that the parties duly fulfill their obligations, in line with the terms and conditions agreed upon in the present contract. The Effective Interest Rate is \_\_\_\_\_% ( \_ percent) <sup>4</sup>. Depending upon the alteration of the Baseline Interest Rate (or of the fixed invariable annual interest) the Effective Interest Rate shall be subject to change.

#### **[Note]**

The calculation of the interest rate shall be made on a case-by-case basis, taking into account that the negotiations, which can be conducted with the local government units, may result in the application of other constitutive elements of the contractual provisions that regulate the interest. These arrangements shall be made in compliance with the Regulation no.59 date 29.08.2008 "On the transparency of the banking products and financial services"

#### **Detailed example on the calculation of the Effective Interest Rate**

The total amount of the loan is 1000 Euro. To the borrower, 50 Euro are deducted as an administrative fee. The factual amount of the loan is 950 Euro. The payment of 1200 Euro shall be completed within 1.5 years upon the disbursement of the loan.

The equation reads as follows:

$$950 = 1200 / (1+i)^{547.5/365} = 1200 / (1+i)^{547.875/365.25} = 1200 / (1+i)^{18/12} = 1200 / (1+i)^{78/52}$$

---

<sup>4</sup> Article 7 of Regulation no.59 date 29.08.2008 "On the transparency of the banking products and financial services".

Or:

$$(1+i)^{1.5} = 1200/950 = 1.263157$$

$$1+i = 1.168526$$

$$i = 0.168526$$

This amount is rounded to 16.9% (or 16.85 if two decimal digits are preferred)

#### ARTICLE 7: PAYMENT CONDITIONS

- 7.1 Every rate includes a part of the principal (based on the repayment plan) and the interest rates. The Borrower shall be obliged to pay the penalties for the payment delays (if any) that shall be calculated in accordance with the provisions laid out in the present contract.
- 7.2 In the case the payment date coincides with a bank holiday, the payment shall be done in the next work day.
- 7.3 All payments received by the Lender and made by the Borrower done in accordance with the provisions of the present Contract shall be considered as follows:
- First, for the payment of the expenses of the penalties for delayed payments;
  - Second, for the payment of the interest; and
  - Third, for the payment of the principal.
- 7.4 The disbursements for the payment of the loan shall be made through the bank account of the Borrower to the Lender. The disbursements shall be made through bank transfers and/or any other legal form accepted by the bank\_\_\_\_\_. The borrower or the persons authorized by the Borrower shall be considered as co-responsible for the disbursement of the said payments.
- 7.5 The Borrower authorizes the Lender to debit his account at the Bank\_\_\_\_\_ in the necessary amounts for the payment of the rate that is due in addition to the interests and penalties for delayed payments that have accrued to the given date. The account number connected to the automatic and periodical payment order for the payment of the loan is \_\_\_\_\_.
- 7.6 The Borrower may return at any time in full the disbursed loan, by serving prior written notice to the Lender \_\_\_\_\_ days before the prepayment date. The return of the full amount of the loan means the payment of the principal, interest and penalties accrued in accordance with the provisions of the present Contract until the moment the payment is made.<sup>5</sup>
- 7.7 The Borrower is obliged to disburse the payments for the principal, interests and penalties in the same currency in which the loan has been disbursed.
- 7.8 In the case the Borrower fails to disburse the rates in accordance with the provisions of this Contract, the Lender shall apply for each delay, starting from the day that has been fixed in the Repayment Plan, a penalty of .....% yearly of the undisbursed amount, by debiting the accounts of the Borrower with the above-mentioned amounts.

**Example:** In the case the next loan rate amounts to 10,000 Albanian ALL and it is due on 5 January and the borrower fails to disburse the payment in the given date, then on the 10<sup>th</sup> of January he shall be obliged to pay an amount of 10,000 Albanian ALL plus the penalty for the late payment for 5 days that shall be calculated as follows: 10,000 ALL + the penalty calculated as follows: 10,000 ALL/ rate\* 73% annual /365 days (daily penalty)\* 5 delay days.

#### [Note]

---

<sup>5</sup> The parties to the present contract may negotiate whether the return of the loan in full shall be subject to the payment of a fee or not, except when this issue has been addressed explicitly by a law or by a sublegal act.

Due attention should be paid to Article 13 of the Instruction no. 35 dated 5.11.2008 “On the implementation of Law no. 9869, date 4.2.2008 On Local Government Borrowing”, which lays out as follows:

*“All financial transactions related to local government borrowing such as withdrawal of money, spending of money and payment of rates (principal plus interest) shall be conducted through the unified Treasury Account”.* Further, points 3 and 4 of the instructions apply in the present case.

#### **ARTICLE 8: OTHER OBLIGATIONS OF THE BORROWER**

**8.1** The Borrower agrees to comply with, throughout the validity term of this Contract, the following obligations:

##### **[Optional]**

- 8.1.1** Use the loan only for the purpose stated in this loan contract.
- 8.1.2** Make available to the Lender, according to the following terms and whenever it is requested (within \_\_\_\_\_ work days from the day the request is received), the following:
  - 8.1.2.1** Annual calculation of the operational surplus, evidence of the debt stock and unlimited transfers of the previous year within 1 March of the coming year.
  - 8.1.2.2** Evidence of income from taxes and local fees and income from other financial activities of the Municipality/Commune, within 1 March of the following year.
- 8.1.3** Foresee in the annual budget the debt service amount to be paid annually, in accordance to what is stated in this contract.
- 8.1.4** The Borrower should allow the Lender (and/or any person authorized by the Lender) and the Lender is entitled, at any time, to check the financial, economical situation of the borrowers and the use of the loan.
- 8.1.5** The Borrower shall not create or allow the existence of any warrantees or burden of any kind in favour of another party on the income used as a specific guarantee, according to this contract, in favour of the Lender, without a preliminary written notification of the Lender;
- 8.1.6** The Borrower should immediately notify the Lender in written if the Borrower is subject to administrative procedures for non-compliance according to article 25 of Law No. 9869, dated 04.02.2008 “On Local Government Borrowing”.
- 8.1.7** The Borrower should immediately notify the Lender if the Borrower has financial difficulties according to Article 23 of Law No. 9869, dated 04.02.2008 “On Local Government Borrowing”.
- 8.1.8** The Borrower should pay on a regular basis each of the instalments of the principle and interest according to the Loan Payment Plan issued to the Borrower by the Lender according to the provisions set forth in this contract.
- 8.1.9** The Borrower should be willing to collaborate with the Lender.
- 8.1.10** The Borrower shall especially notify the Lender in case of any reason or circumstances that may delay or cause the Borrower’s failure to meet the obligations of this contract by the Borrower.

#### **ARTICLE 9: CONTRACT TERMINATION**

- 9.1** The following shall be considered as a violation of this contract: (i) the Borrower fails to pay two consecutive instalments of the principal and/or interest, (ii) the Borrower is more than 90 (ninety) days late in paying an instalment; (iii) the Borrower fails to meet the obligations set out in article 9 of this contract which affects the Borrower’s payment capacity.
- 9.2** The violation of the contract according to section 9.1 above entitles the Lender to terminate this contract and demand full payment of the Loan (principal, interest and penalties accrued according to the terms and conditions of this contract until the day of the termination of the contract).
- 9.3** The termination of the contract becomes effective upon the notification of the Borrower.

- 9.4 When the contract is terminated according to section 9.1-9.3 above.<sup>6</sup> The Lender is entitled to execute immediately the instruments of guarantee to this loan according to article 10 of this contract.

#### **ARTICLE 10. GUARANTEES AND INTERCEPTION OF FINANCING**

- 10.1 In addition to the general obligations, in order to provide the issuing of the loan, object of this contract, (principal, interest and penalties), the Borrower issues in favour of the Lender a Specific Guarantee on the revenues from unlimited transfers from the State Budget (through the Treasury).
- 10.2 The revenues used as guarantee according to section 10.1 above, shall be identified separately in the Treasury's system of the Republic of Albania – separate from the other funds of the Borrower, and the Lender enjoys the right to have priority over these revenues against any third party up to the obligatory amount.
- 10.3 In addition, the Borrower sets, in favour of the Lender for the payment of this loan, an extra guarantee for the interception of financing on the revenues used as guarantee according to section 10.1 above.
- 10.4 The Borrower agrees, in case of termination of the contract according to article 9 above, to authorize irrevocably the Treasury System of the Republic of Albania to carry out the automatic issuing of funds from the unlimited transfers from the State Budget in the Borrower's account at the Treasury System to the Lender's account upon the first written notification made for this purpose by the Lender.
- 10.5 These funds shall be transferred without being subject to any fees or commissions into the Lender's account. The amount credited into the Lender's account shall be considered as the amount paid to meet the obligations of this loan. The date when the Lender's account is credited by the Treasury's System account shall be considered as the payment date.
- 10.6 The Parties clearly agree that, unless the Ministry of Finance issues a state guarantee for the loan, the payment of the loan is done through the sources foreseen in this contract and is not an obligation of the Republic of Albania.<sup>7</sup>

#### **ARTICLE 11: STATEMENTS**

- 11.1 The Borrower declares that he has all the rights to sign this Contract without causing any misunderstandings and/or negative consequences to the Lender. The signing and execution of this Contract, and of other Documents connected to this Contract by the Borrower is duly authorized by the Municipality/Commune Council ..... in full compliance with Law 9869, dated 04.02.2008 "On Local Government Borrowing", Law.8652, dated 31.07.2000 "On Organization and Functioning of the Local Government", as well as the Instruction No.35, dated 05.11.2008 of the Ministry of Finance, and that it does not fall against any laws, or sub-legal acts in force, or provisions of any other agreement where the Borrower is a party, and that it does not cause any failure to comply with such agreements. This Contract and other Documents related to this Contract constitute a legal and executable obligation for the Borrower under the conditions of this Contract.
- 11.2 Neither this Contract, nor other Documents related to it, contains any untrue declarations, or hide facts needed to make the statements under these documents, nor do they contain any misleading statement.
- 11.3 In order to be eligible for this loan, the Borrower is based on the respective decision required by Law 9869, dated 04.02.2008 "On Local Government Borrowing" by the \_\_\_\_\_ Municipality/Commune Council, approved by the majority of the total number of members of the council in a meeting open to the public as this law requires;

---

<sup>6</sup> The 60-day deadline after the day when a violation of the contract is identified extends the duration of the obligation and therefore the bank may not begin during this period of time the obligatory execution of the obligation.

<sup>7</sup> Article 9 point 4 of Law no. 9869, dated 4.2.2008 "On Local Government Borrowing" states that unless it contains such a provision, the agreement is considered null.

- 11.4** The decision of the Council consists of the approval of all the data specified under Article 7, point 2 of Law 9869, dated 04.02.2008 “On Local Government Borrowing”, including the approval of the Specific Guarantee and the Additional Guarantee for the Interception of the Financing;
- 11.5** The notification about the Council meeting was made in compliance with the requirements of Article 7, point 3 of Law 9869, dated 04.02.2008 “On Local Government Borrowing”;
- 11.6** The Borrower has duly informed the Ministry of Finance within the deadline foreseen by Article 7, point 3 of this law, and the notification meets all the requirements listed under this section of Law 9869, dated 04.02.2008 “On Local Government Borrowing”;
- 11.7** The Borrower states that he has the confirmation and the approval of the Ministry of Finance as required by Law 9869, dated 04.02.2008 “On Local Government Borrowing”.
- 11.8** The Borrower states that for receiving this loan, the Borrower has received additional necessary authorizations, and has followed the procedures described in the provisions of Law 9869, dated 04.02.2008 “On Local Government Borrowing, Law 8652, dated 31.07.2000 “On the Organization and Functioning of the Local Government”, as well as the Instruction No.35, dated 05.11.2008 of the Ministry of Finance, and other sub-legal acts issued by the Public Authorities.
- 11.9** The Borrower declares that it has no pending legal and/or administrative cases with the court and/or with any local administrative authorities that could negatively influence its possibility to repay the Loan, or to fulfill the obligations under this Contract.
- 11.10** The Borrower declares that it has read, understood, and accepted all the articles of this Contract, as well as all the Lender’s terms and conditions, and that it has no remarks and objections, and that it agrees on them out of its free will.
- 11.11** The Borrower declares that all the information and data provided to the Lender in relation to this Contract are valid, complete, true, and present the actual financial situation of the Borrower, and that no one may contest their validity.
- 11.12** Understanding that the demographic and financial data filed with the bank of Albania Register of Loans shall be kept within the territory of the Republic of Albania<sup>8</sup>, and being aware of the fact that the Lender, \_\_\_\_\_ Bank \_\_\_\_\_ and the Bank of Albania Register of Loans have taken all the necessary measures to ensure the safe handling of the above data, the Borrower authorizes the \_\_\_\_\_ Bank, for the following purposes:
- (i) Assess the loan application,
  - (ii) Assess the risk for the period of contractual relations between the Borrower and the Bank, and/or
  - (iii) Assess my reliability as the person related with the Borrower.
- Inform itself about my obligations to other banks/financing institutions through the authorized use of the data/information found with the Register of Loans, in order to evaluate the amount of financial obligations, guarantees, and ability to repay the financial obligations. I also give my consent to the \_\_\_\_\_ Bank to use my name and my identification and financial data filed with the Register of Loans in drafting the standard required reports to the bank of Albanian register of Loans.
- 11.13** The Borrower declares that it has decided to enter this contract after having examined, understood, and agreed on the conditions of this loan submitted to the Borrower by the Lender in the form of pre-contractual standard information.
- 11.14.** The Borrower declares that he is informed by the Lender, that he understands and undertakes the risk of losses that might be caused as a result of changes of exchange rates between the currency in which the loan is expressed and the local currency.

---

<sup>8</sup> In the case of bank branches—which belong to a bank headquartered outside the territory of the Republic of Albania, the decision-making process in relation to the approval of the loan may require the handling of the data and information outside the territory of Albania. At all times, the Borrower is guaranteed the Confidentiality of its data according to articles 91 and 125 of Law 9662, dated 18.12.2006 “On Banks in the Republic of Albania”.

- 11.15.** The Borrower declares that he fully understands the interest rate, late fines in cases of failure to fulfill the contractual obligations, and the potential changes to the exchange rates as a result to changes on the Basic Interest Rate.
- 11.16.** The Borrower declares that he is informed by the Lender and that he understands and undertakes the risk of loss that might be caused as a result of the increase of the annual interest following increase of the basic Interest Rate for the duration of this contract.
- 11.17.** The Borrower declares that he is aware of the advantages and disadvantages associated with taking this loan, and the purpose for which the loan is taken.

#### **ARTICLE 12: GENERAL**

- 12.1** All notifications and communication between the Parties in this Contract are made in writing, and shall be sent to the other Party in person or by registered mail to the addresses specified on the first page of this Contract, or to other addresses made known to the other party in advance.
- 12.2** This Contract is compiled based on the provisions of the Civil Code of the Republic of Albania, and the Borrower is obliged to respect it. In case of things not foreseen in this Contract, the Parties shall refer to the Civil Code. This contract is an executive title according to Article 510 of the Code of Civil Procedures. The execution order is to be issued by the District Court of Tirana.
- 12.3** The Lender shall not be considered in violation of this Contract if the Albanian legislation or the regulations of the local monetary authorities issue new rules obliging the Lender to change any of the articles of this Contract.
- 12.4** When any of the provisions of this Contract is invalid, unlawful, or inapplicable, that provision shall be canceled, while all the other provisions shall remain in force and have full effects, unless it is otherwise foreseen by the parties or by this Contract.
- 12.5** This Contract is compiled in 4 copies, one for each party, one to be filed with the Notary Public, and one to be filed with the Treasure Office of \_\_\_\_\_ District, where the Borrower as the Local Government Unit exercises its activity.

[I, the Notary Public, read the text of this Contract in a loud and clear voice to the Parties, which, having declared that its content is in full compliance with their intentions and statements, sign the Contract at their free will in my presence, and I, the Notary Public, verify this act according to the law.]

**LENDER**

**BORROWER**

**Represented by Mayor  
according to  
Municipality/Commune  
Council Decision no.  
\_\_\_\_\_ dated \_\_\_\_\_**

\_\_\_\_\_  
**Name, Surname, signature**

\_\_\_\_\_  
**Name, Surname, signature**

**Municipality/Commune  
stamp**

\_\_\_\_\_  
**Name, Surname, signature**

## 10.C. INTERCEPT FINANCING AGREEMENT

---

Logo of Municipality/Commune

Logo of Bank/Financial Institution

### INTERCEPT AGREEMENT

Today, on \_\_\_\_\_.\_\_\_\_. 20\_\_\_\_ (two thousand and .....), the following parties:

- .....**BANK**, with the seat in ..... (address), and represented by Mr. ...., in the capacity of the Lender.
- **MUNICIPALITY/COMMUNE** of ....., located in \_\_\_\_\_ (address), represented by the Mayor, Mr. \_\_\_\_\_, hereinafter referred to as the Borrower.

**AS:**

1. Parties agree to enter the Loan Contract, dated .....20..., based on Articles 6, 24, 31, 420,585, 1031, 1032 and following, of the Civil Code, Law 9869, dated 04.02.2008 “On Local Government Borrowing” (hereinafter referred to as “Local Government Borrowing” Law), Law 8652, dated 31.07.2000 “On the Organization and Functioning of the Local Government” (hereinafter referred to as “Organization and Functioning of the Local Government” Law), Instruction No. 35, dated 05.11.2008 of the Ministry of Finance (hereinafter referred to as the Instruction), as well as on the Interception Agreement on the following conditions:

[Note]

Experience with banks shows that it is necessary that the Treasury agrees and undertakes its obligations under this interception agreement either by signing the agreement, or through a special formal act, in order for the Bank to have a right to request of the Treasury to respect this interception agreement in connection with the Loan Contract.

### ARTICLE 1: DEFINITIONS

For the purposes of this Agreement, these terms shall have the following meanings:

- *Bank/Lender* – is the “.....Bank”, which is licensed by the Bank of Albania, and which is awarded the tender organized by the Municipality/Commune of ....., which shall, through this loan, finance the ..... Project.
- *Local government unit/Borrower* – is the Municipality/Commune of....., a unit of the local government, which applies for the loan in order to finance the ..... project.
- *Ministry of Finance* – is the state authority responsible for approving and supervising the implementation and fulfillment of the obligations under this loan and debt obligations.
- *Parties* – is the ..... Bank and the Municipality/Commune of ..... jointly;
- *“Loan and/or obligation”, and/or “sum of loan or the loan”* – is any amount of money that the Municipality/Commune owes to the bank under the conditions of this

Agreement, and which includes both the principal and the interest, as well as late fines, commissions, taxes, additional expenses, as well as any other amount payable to the bank under the conditions of this Agreement.

- *Debt* – means the amount of loan taken from a bank to finance certain projects on the condition that it is repaid, with or without interest.
- *Debt Service* – is the payment to be made every fiscal year for the principal, interest, deductions, as well as additional payments incurred by the loan, including the expenses incurred in connection with the loan.
- *Loan Contract* – is the Loan Contract entered on \_\_\_\_\_, whereby parties have agreed on the conditions and deadlines, under which the Borrower takes a loan from the Lender - \_\_\_\_\_ Bank.
- *Default* – is the failure of the local government unit to repay the principal or the interest on a loan within the agreed deadline.
- *As well as any other concept found in the Loan Contract entered into by the parties.*

## **ARTICLE 2: SCOPE**

- 2.1** This Agreement sets out the rights and obligations of the parties in order to enable the return of the bank loan in case of failure of the local government unit to fulfill the loan obligations according to the Bank Loan Contract entered into with the ..... Bank on ....., for financing the ..... project.
- 2.2** Parties agree to respect the provisions of the “Local Government Borrowing” Law, Instruction No.35, dated 05.11.2008 of the Ministry of Finance, as well as the Bank Loan Contract dated .....

Note]

It is recommended that the terms used in this agreement are the same with those used in the Loan Contract. The use of terms in this document refers to Article 510 of the Code of Civil procedures, according to which ‘bank loan acts’ are ‘executive titles’.

## **ARTICLE 3: INTERCEPT AGREEMENT CONDITIONS**

- 3.1** The Borrower – Municipality/Commune of ..... offers, on the basis of this agreement, additional guarantees for the loan taken with the purpose of financing the ..... project under the following loan conditions:
- 3.2** In case of default, the Borrower – Municipality/Commune of ..... allows the direct repayment of the loan from its unconditional transfer or from its separate taxes payable by the State Budget to its account.
- 3.3** These funds shall be paid to the Lender under the conditions and terms of the Bank Loan Contract.
- 3.4** The Borrower – Municipality/Commune of ..... is responsible for the full repayment of the loan under the conditions and deadlines set out in the Bank Loan Contract.

## **ARTICLE 4: UNIT ACCOUNT**

- 4.1** The Borrower – Municipality/Commune of ..... authorizes the Treasury through this Agreement, and informs the General Treasury Directorate under the Ministry of Finance to make the automatic release of funds from the Local Government Unit’s account to the Lender’s account.

- 4.2 According to this Agreement, the Loan constitutes a general obligation for the Borrower – Municipality/Commune of ....., payable as a priority expense from all legally available funds.
- 4.3 One copy of this agreement is filed with the .....Treasury, where the Borrower – Municipality/Commune of .....exercises its activity.
- 4.4 The interception of the financing is possible, as this form of guarantee is part of the Articles of the Loan Contract entered into by the parties on ....., and approved by the Local Council through its decision no. ...., dated....., upon approval of the request for taking a loan by the Ministry of Finance through its letter no .....

**ARTICLE 5: BORROWER’S STATEMENT**

- 5.1 The Borrower states that:
  - 5.1.1 The Loan Contract and the other Transaction Documents are duly authorized by the Borrower – Municipality/Commune of ....., and by all its other respective bodies, and that they do not fall against any laws, or sublegal acts issued by the Public Authorities, or against any Legal Documents, or provisions of any loan agreement or any other agreement where the Borrower – Municipality/Commune of ..... is a party, or which may cause failure to comply such an agreement. This Agreement and the other Transaction Documents constitute a legal and executable obligation for the Borrower – Municipality/Commune of ....., under the conditions of this Agreement.
  - 5.1.2 The Borrower – Municipality/Commune of ..... signs this Agreement based on the respective decision of the local council as required by the Local Government Borrowing Law, approved by the majority of votes of the total number of the members of the council in a meeting open to the public.
  - 5.1.3 The decision of the council consists of the approval of all the data set out in Article 7, pint 2 of the Local Government Borrowing Law.
  - 5.1.4 Notifications about the council meeting are made in compliance with the requirements specified in point 3 of Article 7 of the Local Government Borrowing Law.
  - 5.1.5 The Borrower – Municipality/Commune of ..... has duly notified the Ministry of Finance within the deadline specified in point 3 of Article 7 of the law, and the notice fulfils all the requirements foreseen by the Local Government Borrowing Law.
  - 5.1.6 The Borrower – Municipality/Commune of ..... states that it has received the respective authorization of the Ministry of Finance for taking this loan.

**ARTICLE 6: NOTICES**

- 6.1 All communication and notices between the parties in relation to this Agreement shall be addressed to the following addresses:

**To: .....Bank**

**To: Municipality/Commune of .....**

Address: \_\_\_\_\_  
 Contact Person \_\_\_\_\_  
 Tel: \_\_\_\_\_  
 Fax: \_\_\_\_\_  
 E-mail \_\_\_\_\_

Address: \_\_\_\_\_  
 Contact Person \_\_\_\_\_  
 Tel: \_\_\_\_\_  
 Fax: \_\_\_\_\_  
 E-mail \_\_\_\_\_

Address: Unit/Branch \_\_\_\_\_  
Contact Person \_\_\_\_\_  
Tel: \_\_\_\_\_  
Fax: \_\_\_\_\_  
E-mail \_\_\_\_\_

Address: \_\_\_\_\_  
Contact Person \_\_\_\_\_  
Tel: \_\_\_\_\_  
Fax: \_\_\_\_\_  
E-mail \_\_\_\_\_

- 6.2 All notices and communication between the Parties under this Agreement shall be done in writing and shall be delivered in person or by registered mail to the addresses provided in point 6.1 above.
- 6.3 The Borrower – Municipality/Commune of ..... states and confirms that it will consider all notifications made to this address as received.
- 6.4 The Borrower – Municipality/Commune of ..... is responsible for immediately notifying every change to his address. For as long as the Borrower – Municipality/Commune of ..... has not notified its new address, the Borrower – Municipality/Commune of ..... has no right to object to notifications delivered to its previous address.

**ARTICLE 7: COMPENSATION**

- 7.1 The Borrower – Municipality/Commune of ....., shall compensate the Lender, based on its calculations, for all the losses, damages, expenses and costs incurred in case of default on the part of the Borrower – Municipality/Commune of ..... or its failure to fulfill its obligations under the loan contract.
- 7.2 The Borrower – Municipality/Commune of ..... authorizes the Bank to carry out all the financial actions related to the repayment of the loan by the Borrower – Municipality/Commune of ....., like withdrawing the money to repay the loan installments (principal and interest) through the Treasury unified account.

**ARTICLE 8: MISCELLANEOUS**

- 8.1 Parties may change or amend the Agreement through a bilateral act signed by both upon the prior approval of the Local Government Council.
- 8.2 This Interception Agreement of the Borrower – Municipality/Commune of ..... represents a valid, obligatory, and executable responsibility for this Local Government Unit both for the incumbent and the incoming bodies of this unit.
- 8.3 The Bank is entitled to request the completion of this Agreement in order to enter the Loan Contract with the Borrower – Municipality/Commune of ..... for financing the object of the Loan Contract.

[Note]

The decisions and approvals related to the loan are regulated by the Local Government Borrowing Law and Instruction, and they represent the preliminary conditions of validity of the financing agreement.

**ARTICLE 9 - APPLICABLE LAW AND SETTLEMENT OF DISPUTES**

- 9.1 This Agreement shall be interpreted in compliance with the legislation of the Republic of Albania, and any disputes between the Parties in this Agreement that is no solved by understanding between them shall be referred to the Judicial District Court of .....

9.2 This Agreement is compiled in 4 (four) identical original copies in Albanian.

**PARTIES**

**MUNICIPALITY/COMMUNE OF.....**

\_\_\_\_\_

**MAYOR**

.....**BANK**

\_\_\_\_\_

Mr./Ms.....

## 10.D. LGU'A FINANCIAL DATA AND DEBT LIMITATION CALCULATION

### Debt/Loan Service Cost for the Municipality/Commune of .....

The Local Government Borrowing Law No. 9869, dated 4.2.2008, offers new financial opportunities to the local government units. Based on this law, the local government units may now take short-term or long-term loans in order to enable the financing their own exclusive or delegated functions within this law. The law sets three types of criteria on the basis of which the units' limits to take a loan are calculated. Such criteria include:

- a. The total long-term debt service may not exceed 20% of the total unconditional incomes (arithmetic average of three last fiscal years. The total of unconditional incomes includes local government own income and the government's unconditional transfer).
- b. The total debt service may not exceed 71% of local government unit's operating surplus (operating surplus is calculated as the difference between unconditional incomes and operating costs from these sources).
- c. The debt stock may not be 1.3 times higher than the Municipality/Commune's total of unconditional incomes for the last fiscal year.

Based on these criteria, we have calculated the maximum debt that our Municipality/Commune could contract: based on the **debt stock** criterion, the maximum loan<sup>9</sup> that our Municipality/Commune can take for the year 20xx is:

Year of 2009	Million ALL	Million Euro	Million USD
Stock Criterion	235.8	1.75	2.4
Amount of loan for which Municipality has applied	120.0		

As can be seen from the table, the Municipality/Commune is applying for less than the maximum amount allowed by the law.

The Municipality/Commune has identified all its legal constraints on total amount of loan and debt annual service; for further information please refer to table of Municipality/Commune financial data for 2006-2017.

Based on the **debt service** criterion, the limit of services that the municipality/commune may undertake for the year of 2010 with respect for the Local Government Borrowing Law, and the Instruction No. 857, dated 27.01.2010, of the Minister of Financers, we have made the following calculations:

---

<sup>9</sup> The stock limit means the total amount of loan that the Municipality/Commune can subcontract based on the financial data of the municipality for 2009, not including the interest to be paid for the loan.

Years	Period	Debt service constraint	Bank installments
1	2010	31,331	26,450
2	2011	39,606	25,850
3	2012	42,716	25,850
4	2013	46,587	25,850
5	2014	48,515	25,850
6	2015	52,058	25,850
7	2016	54,737	
8	2017	57,473	
9	2018	60,347	
10	2019	63,364	
	<b>Total</b>	<b>496,734</b>	<b>155,698</b>

### Constraints of bank loan disbursement

Years	Period	Constraint on loan disbursement according to MoF for the year of 20.....	Disbursement agreed by bank for the year of 20.....
<b>Total budget for 2009 ..... = 329,415.00</b>			
1	2010	16,470.75	15,000.00
2	2011	219,299.85	105,000.00
3	2012		
4	2013		
5	2014		
6	2015		
	<b>Total</b>	<b>235,770.60</b>	<b>120,000.00</b>

**11. LOAN AGREEMENT CONTRACT AND INTERCEPT AGREEMENT, IF  
REQUIRED (SAME AS ITEMS 10.B AND 10.C, WITH ANY CHANGES AS MAY  
BE REQUIRED FOLLOWING MINISTRY OF FINANCE REVIEW)**

---

**12. REVISION OF BUDGET OF THE LOCAL GOVERNMENT UNIT ADDING UP FUNDS FROM THE LOAN AND THE CAPITAL EXPENDITURES TO BE FINANCED BY THESE FUNDS**

---

**MUNICIPALITY/ COMMUNE OF \_\_\_\_\_**

**Municipal Council**

**Prot. No. ....**

**Dated ...../...../20.....**

**DECISION**

In enforcement of the Law No. 8652, dated 31.07.2000, Article 32, point 'dh', and of the Law No. 9869, dated 4.02.2008, "On Borrowing of the Local Governance", the budget for year \_\_\_\_\_ to the Municipality/Commune \_\_\_\_\_ will be increased with the revenues from the borrowing at an amount of \_\_\_\_\_ ALL, taking the total amount of the own budget to \_\_\_\_\_ ALL. In the meantime, the expenses of this budget will increase with the same amount for the capital expenditures, taking the total amount of the expenditures to \_\_\_\_\_ ALL.

The destination of the loan will remain as approved upon a decision of the municipal /communal council, No. \_\_\_\_\_, dated \_\_\_\_\_.

The Prefect and the Treasury Branch shall be notified of these changes.

---

**HEAD**

**Municipal/Communal Council of \_\_\_\_\_**

**13. REQUEST FOR LOAN DISBURSEMENT**

---

**MUNICIPALITY/COMMUNE OF.....**

**MAYOR**

**Prot. No. ....**

**Date ...../...../20.....**

**To: Mr./Ms. ....**  
Director/Directorate of Operations  
General Treasury Directorate  
Ministry of Finance

**Mr./Ms. ....**  
Director  
Treasury Branch of .....

**From: Mr./Ms. ....**  
Mayor  
Municipality/Commune of .....

**Subject: Disbursement Request**

Dear Mr./Ms. ....,

Based on Law 9869, dated 4.02.2008 “On Local Government Borrowing”, and Guideline No. 35, dated 05.11.2009 of the Ministry of Finance “On the Implementation of the Local Government Borrowing Law”, please enable the opening of a bank transitory account at the ..... Bank, ..... Branch, for Local Government Borrowing: Treasury Branch of.....- Local Government Borrowing in ALL/Euro/..... .

This account shall function in compliance with the Act Agreement between the Ministry of Finance and the ..... Bank.

Respectfully

---

**MAYOR**

**MUNICIPALITY/COMMUNE OF .....**

**14. REPORTING THE SITUATION ON LOCAL BORROWING TO THE MINISTRY OF FINANCES**

---

**MUNICIPALITY/COMMUNE OF \_\_\_\_\_**

**MAYOR'S OFFICE**

**Prot. No. ....**

**Dated ...../...../20.....**

**to: Mr. ....**  
Minister  
Ministry of Finances

**Mr. ....**  
Director  
Department of Debt/ Ministry of Finances

**From: Mr. ....**  
Mayor  
Municipality / Commune.....

**Subject: Report on the Current Situation of the Local Debt / Borrowing**

Distinguished Minister,

In compliance with the Articles 26 and 27 of the Law No. 9869, dated 4.02.2008, "On Local Government Borrowing", as well as with Article 10, point 2<sup>10</sup> of the Minister of Finances' Guideline No. 35, dated 5.11.2009, "On Implementation of the Law on Local Government Borrowing", enclosed is the report on the situation of our local government unit's borrowing.

Respectfully,

\_\_\_\_\_

**Mayor**

**MUNICIPALITY/COMMUNE OF \_\_\_\_\_**

<sup>10</sup> Reporting during the repay of the loan: During the period in which it uses and pays off the funding from the loans, the local government unit must report to the Department of Debt of the Ministry of Finances on monthly basis, within 20 days from the termination of the reporting period (until 20<sup>th</sup> day of the next month). The report submitted to the Department of Debt of the Ministry of Finance will include data on the amount of repaid debt service in the reporting period, disbursement of the loan funds to the account of the borrowers as well as other data connected with the loan, in accordance with the format attached to this guideline.

Municipality/Commune/Region

Period.....

## Data on Local Public Debt

		Year								
		n-3	n-2	n-1	n (current)	n+1	n+2	n+3	...	n+...
<b>A</b>	<b>Debt Service</b>									
	1	Current Debt Service (for contracted loans)	0	0	0	0	0	0	0	0
		a	Principal							
		b	Interest							
		c	Commissions, etc							
	2	Debt Service for the loan to be authorized				0	0	0	0	0
		a	Principal							
		b	Interest							
		c	Commissions, etc							
	3	Total Debt Service (together with the new loan)	0	0	0	0	0	0	0	0
		a	Principal	0	0	0	0	0	0	0
		b	Interest	0	0	0	0	0	0	0
		c	Commissions, etc	0	0	0	0	0	0	0
<b>B</b>	<b>Debt Stock</b>									
		Current Debt Stock (for contracted loans)								
		New Debt Stock (for the loan to be authorized)								
		<b>Total Debt Stock</b>								

MAYOR

Head of Finance

This form shall be completed for each new loan or for the issue of a new guarantee to a third party. The table presents predictions for the calendar of payments from year to year.

In case the loan is contracted in foreign currency, the conversion shall use the official exchange rate provided by the Bank of Albania for the reporting period.

## 15. ESTABLISHMENT OF LOCAL DEBT ANNEX

---

MUNICIPALITY/COMMUNE OF \_\_\_\_\_

### MAYOR'S OFFICE

Prot. No. ....

Dated ...../...../20.....

#### Decision

In compliance with the Article 27 of the Law No. 9869, dated 4.02.2008, "On Local Government Borrowing", as well as with Article 9 of the Minister of Finances' Guideline No. 35, dated 5.11.2009, "On Implementation of the Law on Local Government Borrowing", the annex of the local debt shall be established as part of the financial documentation and of the consolidated budget of the municipality/commune of \_\_\_\_\_.

The budget of Municipality/Commune shall incorporate a separate annex on the local debt, which shall present the situation of the entire outstanding debts of the local government unit on January 1 of the respective budgetary year. This annex shall be an organic part of the local budget and shall be published as well as made available to the public. The annex on the debt in the local budget shall minimally contain the following data for each and every unpaid debt (commercial loan or title of the local government unit):

- a) Type of Loan – Agreement of funding (such as commercial loan) or local government securities (such as obligations);
- b) Year of issuance of loan (approval of funding agreement/issuance of securities)
- c) Purpose of loan (capital project to be funded from the loan);
- d) Commercial bank or financial institution that has provided the loan;
- e) Type of security for the loan, whether it is a general obligation loan or specific securities, which should also be identified;
- f) Amount of principal of the loan obtained or of the issued debt (in case of securities) and the amount of total payable interests;
- g) Duration (maturity) of the loan/security
- h) Currency in which the loan (funding agreement/security) is issued and the exchange rate at the time in which the loan was issued and on January 1 of the respective financial year;
- i) Interest rate of the loan and type of rate (fixed or variable). In case of the variable interest rate, provide data on the index of reference on which the rate is based;
- j) Manner (calendar) of payments – (annual, quarterly, monthly or other, grace period if any);
- k) Deposited amount in the reserve fund, if any;
- l) Principal and interest unpaid on January 1 of the respective financial year;
- m) The debt service for the respective financial year, identifying separately the payments of principal and the payments of interest for the respective fiscal year, including other costs related with the debt service, if any;
- n) The upper limit of the debt as stipulated in the legal provisions;
- o) Principal and interest unpaid on December 31 of the respective financial year

This data shall be reported separately for each and every unpaid loan of the local government unit, also including the loans for which this local government unit has issued guarantee, providing the name of the person (third party) for whom the guarantee is given. In addition, the annex shall also report the total

amount of the unpaid principal for the entire debt of the local government unit as well as the total amount of the debt service payable in that year.

\_\_\_\_\_

**Mayor**

**MUNICIPALITY/COMMUNE OF** \_\_\_\_\_

### 3. OTHER SITUATION THAT CAN COME UP IN LOCAL BORROWING

Representatives of the commercial banks and local government units have made many questions on the procedures of local borrowing. Some most interesting questions include:

- What is ‘failure to abide’ to the loan contract?
- What is the delay in days for the execution of the interception agreement?
- What happens in case of event of default?
- Should certain procedures be established for the execution of immovable property of the assets administered by the local government units?

This document will not engage in providing accurate standard forms to all these issues, but will seek to identify solutions for some of them, such as the following.

#### 3.1 IN CASE OF LOCAL GOVERNMENT UNIT’S FAILURE TO ABIDE TO THE CONTRACT

If case of local government unit’s failure to abide to the contract established with the commercial banks or financial institutions, the following recommendations may help:

Upon a request submitted (by the commercial bank / financial institution) to the Department of Debt / Ministry of Finances, the Department of Debt shall analyze the factors that led to the failure of the local government unit to comply with the contract. The analysis will include:

- a. **Local government unit’s financial distress**– to prove whether or not the conditions stipulated in Article 23 of the No. 9869, dated 4.02.2008, “On Local Government Borrowing” are met. In this case, the provisions specified in Article 24 of this law, “Exit from Financial Distress” and the abidance to liabilities to third parties (commercial banks / financial institutions, in this case) shall apply.
- b. Event of Insolvency of the Local Government Unit – if the conditions as stipulated in Article 25 of the No. 9869, dated 4.02.2008, “On Local Government Borrowing” are met, for which, in this case, we face a legal deficiency, because the second paragraph of this article states that “the process for resolving the event of insolvency and procedures thereto shall be set forth in a special law.” In any way, when such situation is proven, it is recommended that:

By means of the Department of Debt and the Operational Department of Treasury, the Ministry of Finances shall produce the financial situation of the local government unit upon receiving the harmed party’s request for abidance to the loan contract by the local government unit.

The Ministry shall draft a short term plan (to be implemented for the current year) of budget, in which it will deduct the employees' salaries and respective contributions. The difference shall be schedules for payments of the debt service to the commercial bank, and the treasury branch in the territory of the local government unit shall be ordered to make the payments in accordance with the schedule prepared by the Ministry of Finance for the commercial bank.

If the payments as per the Ministry of Finances' schedule are smaller than those foreseen in the loan agreement between the local government unit and the commercial bank/financial institution, the difference shall be outstanding to be paid off together with the penalties set forth in the agreement between the parties for the future periods.

The time frames for the accomplishment of these procedures shall be similar to those stipulated in the Administrative Procedures Code.

### **3.2 ENFORCEMENT OF INTERCEPTION AGREEMENT**

If part of the loan contract between the local government unit and the commercial bank/financial institution, the interception agreement shall be the focus of local government unit's compliance with the debt service upon a request of the commercial bank/financial institution submitted to the treasury branch where the local government unit exercises its activities.

The terms and conditions to enforce this agreement shall be defines in the interception agreement between the parties.

Upon receiving the request from the commercial bank, the treasury branch shall send information to the Department of Debt at the Ministry of Finance, which, after having analyzed the situation, will make a decision on the subsequent steps, as provided for in point 3.1 herein.

### **3.3 CASE OF EVENT OF DEFAULT (INSOLVENCY)**

The cases of event of default (insolvency) are those cases, which can be proven in accordance with the provisions of the Article 25 of the Law No. 9869, dated 4.02.2008, "On Local Government Borrowing". The process of resolving the insolvency and the procedures thereto shall be set forth in a special law. Until the adoption of such law, the procedures stipulated in point 3.1 herein shall apply.

**U.S. Agency for International Development**

Local Governance Program in Albania

St. Dervish Hima

3 Towers near Qemal Stafa Stadium

Tower No. 1, Apt. 91, Tenth Floor

Tirana, Albania

Tel: 355-04-278-121

[www.usaid.gov](http://www.usaid.gov)