REPUBLIKA E SHQIPËRISË

P L O T F U Q I

Këshilli i Ministrave i Republikës së Shqipërisë autorizon zotin **Ridvan Bode**, Ministër i Financave, të nënshkruajë:

"Marrëveshjen financiare ndërmjet Këshillit të Ministrave të Republikës së Shqipërisë, të përfaqësuar nga Ministria e Financave dhe Artigiancassa S.p.A për programin e zhvillimit të sektorit privat nëpërmjet mbështetjes së ndërmarrjeve të vogla dhe të mesme dhe sigurimin e asistencës teknike për to, në shumën 27.5 milion Euro".

Në dëshmi të kësaj, nënshkruam këtë plotfuqi në Tiranë, kryeqyteti i Republikës së Shqipërisë, më 23 shkurt 2006.

K R Y E M I N I S T R I

SALI BERISHA

MINISTRI I PUNËVE TË JASHTME

BESNIK MUSTAFAJ

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REPUBLIKA E SHQIPËRISË

PLOTFUQI

Këshilli i Ministrave i Republikës së Shqipërisë autorizon zotin **Ridvan Bode**, Ministër i Financave, të nënshkruajë:

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KRYEMINISTRI

SALI BERISHA

MINISTRI I PUNËVE TË JASHTME

BESNIK MUSTAFAJ

F.ROT. /AID 06/004/00

FINANCIAL AGREEMENT

Between

The Council of Ministers of the Republic of Albania represented by the Ministry of Finance

and

Artigiancassa S.p.A.

<u>EURO 27.500.000,00</u>

"Programme for the Development of the Private Sector, through the support of SMEs and relevant technical assistance"

The Council of Ministers of the Republic of Albania represented by the Ministry of Finance of the Republic of Albania (hereinafter referred to as the "Borrower")

on one side,

and

Artigiancassa – Cassa per il Credito alle Imprese Artigiane S.p.A., Gruppo Bancario BNL, listed on the Register of the Banks, share capital Euro 35,000,000.00 with registered office in Rome, Via Crescenzo del Monte 25, registered with the Companies Register, tax code no. 01158450583, VAT no. 00968081000 (hereinafter referred to as "Artigiancassa"), as Administrator, on behalf of the Ministry of the Economy and Finance of the Republic of Italy, of the Revolving Fund for Development Cooperation, established by Article 26 of Italian Law no. 227 of May 24, 1977, and further referred to in Article 6 of Italian Law no. 49 of February 26, 1987, represented by Mr. Stefano Gatti

on the other side.

(Artigiancassa and the Borrower together hereinafter referred to as the "Parties")

have decided to enter into this

FINANCIAL AGREEMENT

Article 1

Definitions

In the Financial Agreement and in the Annexes thereto, the following terms shall have the following meanings:

- **"Acknowledgement of Indebtedness"**: means the statement, referred to under Article 10, by means of which the Borrower undertakes, in favour of Artigiancassa, to reimburse the capital plus interest altogether due with respect to the Soft Loan;
- **"AGF"**: means the Albanian Guarantee Fund formed with the soft loan of Eur.2.500.000, 00 granted to the Government of Albania and credited to a Special Account opened by the Borrower with Bank of Albania. The AGF can be utilised in order to reduce the guarantees requested to the SMEs by the Private Local Commercial Banks;
- **"Agreement"**: means this Financial Agreement, the preamble and the annexes hereto forming an integral part thereof;
- **"Auditing Company"**: means a highly qualified, major international auditing company. The auditing company shall be selected and entrusted by the European

Training Foundation (ETF) with the task of auditing the financial and administrative documents and procedures in relation to the Programme as specified in article 5;

- **"CLSC"**: means the Credit Line Steering Committee the activity of which is described in the Programme Agreement (art. 6.4 and Annexes 1,2);
- **"ETF"**: means the European Training Foundation the activity of which is described in the Programme Agreement (art. 6.6 and Annexes 1,2);
- **"Financial Report"**: means the financial reports, certified by the Auditing Company, issued by the Ministry of Economy Trade and Energy of the Republic of Albania (METE) and the Fund Supervision Management Body (FSMB);
- **"FSMB"**: means the Fund Supervision Management Body the activity of which is described in the Programme Agreement (art. 6.3 and Annexes 1,2);
- **"Grace Period"**: means the period, lasting 216 months, beginning on the date on which the first installment of the Soft Loan is credited on the Special Account;
- **"Italian Competent Authorities"**: means the Ministry of the Economy and Finance, and/or the Ministry of Foreign Affairs of the Republic of Italy and/or any other competent entity of the Government of the Republic of Italy, nominated for the purpose of this Agreement;
- **"MAE/DGCS"**: means the Ministry of Foreign Affairs of the Republic of Italy – Directorate General for Development Cooperation;
- **"MEF"**: means the Ministry of Economy and Finances of the Republic of Italy;
- **"METE"**: means the Ministry of Economy, Trade and Energy of the Republic of Albania;
- **"MOF": means** the Ministry of Finance of the Republic of Albania;
- **"PLCB":** means the Private Local Commercial Banks that, on the basis of an on-lending agreement with METE, shall finance the SMEs;
- **"Programme"**: means the Programme for the development of the private sector, through the support of SMEs and relevant technical assistance, to be financed through the Soft Loan in accordance with the Programme Agreement and this Financial Agreement;
- **"Programme Agreement"**. means the Agreement signed on 21st June 2005 between the Government of the Republic of Italy represented by the Ministry of Foreign Affairs and the Council of Ministers of the Republic of Albania represented by the Ministry of Economy, Trade and Energy, for the realization of the Programme;
- **"PMU"** means Programme Management Unit established by the Albanian Government for the implementation of the Programme
- **"SMEs"**: means Small Medium Enterprises whose projects will be financed with the soft loan of Eur. 25.000.000,00;
- **"Soft Loan"**: means the financing that Artigiancassa, on the basis of the authorization issued by the Ministry of Economy and Finance and upon the proposal of the Ministry of the Foreign Affairs of the Republic of Italy, will grant on the terms and the conditions provided for in the Article 2 and in Article 3 of this Agreement. The Soft Loan is divided into an amount of Eur. 25.000.000,00 for the financing of the SMEs projects and an amount of Eur. 2.500.000,00 for the set up of the AGF;
- **"Special Accounts": means** the Special Accounts opened by the Borrower with the Bank of Albania, on which the Soft Loan shall be credited in installments. The amount of Eur 25.000.000,00 shall be credited on a relevant special account for the

financing of the SMEs projects account and the amount of Eur. 2.500.000,00 for the set up of the AGF on a different special account;

- **"Supply Contract(s)"**: means the commercial contract(s) relating to the supply of goods and/or services by Italian exporters to Albanian importers, connected to the realisation of the Programme.

Article 2

Preamble

2.1 By means of the agreement known as "Programme Agreement"(hereinafter referred to as "PA"), signed on 21st June 2005 between the Council of Ministers of the Republic of Albania represented by the Ministry of Economy, Trade and Energy and the Government of the Republic of Italy represented by the Ministry of Foreign Affairs, the latter has committed itself to finance the Programme through a Soft Loan up to a maximum amount of Euro 27.500.000,00 (twenty seven million and five hundred thousand);

2.2 By means of this Agreement the Parties intend to: (i) implement the financial provisions relating to the Soft Loan as contemplated in the articles 3 and 4 of the PA, and (ii) regulate their rights and obligations in accordance with the PA.

2.3 The Ministry of the Economy and Finance of the Government of the Republic of Italy, on the proposal of the Ministry of Foreign Affairs of the Republic of Italy, by decree No. 13176 dated 03 February 2006 has authorised Artigiancassa to grant to the Borrower a soft loan on the terms and conditions set forth in article 3 of this Agreement (hereinafter referred to as the "Soft Loan") for the purpose of financing the Program.

2.4 The Borrower, on the basis of the Program Agreement, recognizes that the METE will be the responsible for the definition of the agreements with competent Bodies and will sign related contracts. Furthermore, the METE will be responsible on behalf of the Borrower, for the utilization of the aid funds as well as for the repayment of the credit according to the procedures and modalities provided for in this Financial Agreement.

Article 3

Soft Loan

3.1 Artigiancassa grants to the Borrower, and the Borrower hereby accepts, the Soft Loan on the following conditions:

- *Amount*: EUR 27.500.000,00 (twenty seven million and five hundred thousand);
- *Duration*: 38 years

- *Grace period*: 216 months beginning on the date of the first disbursement
- *Repayment*: 40 consecutive equal deferred semi-annual principal installments the first of which falling 216 months after the first disbursement
- *Interest Rate*: 0.00% p.a. (zero point zero zero p.a.)
- *Credit Purpose*: development of the private sector to be financed through a soft loan to support of SMEs and relevant technical assistance. The Soft Loan is divided into an amount of Eur. 25.000.000,00 for the financing of the SMEs projects and into an amount of Eur. 2.500.000,00 for the set up of the AGF;

3.2 The Soft Loan shall be used for acquiring goods and services of Italian origin. A maximum amount of 30% (thirty percent) of the soft loan of Eur. 25.000.000,00 may be used to cover local costs.
Supply contracts shall be denominated in Eur.

3.3 The Soft Loan cannot be used to finance:

- local taxes, custom duties, VAT;
- working capital (with the exception of the initial amount for the firm start-up);
- joint ventures, temporary commercial and financial enterprises;
- investments in the free time sector, real estate, arms, drugs and alcoholics, tobacco and by-products, production and products forbidden by the European Union countries for import and export, on the basis of international agreements.

3.4 The Soft Loan shall be available in accordance with the terms and conditions set forth in this Agreement.

3.5 The credit for the financing of the SMEs projects shall be disbursed in 3 installments in accordance with the procedures set forth in Article 7; the credit for the financing of the set up of AGF shall be disbursed in 2 installments in accordance with the procedures set forth in Article 8;

3.6 The interests accrued on money held in the Special Accounts or in other accounts opened in a second level bank according to the terms of the Agreement shall be used for the financing of the Programme and for the service of the debt.

Article 4

Coming into effect of the Financial Agreement

4.1 This Agreement shall come into effect upon Artigiancassa having received the following documents:

a) from the Borrower:
   i) a statement by the competent authority of the Government of Albania, evidencing the authority of the Borrower to sign, in the name and on behalf of the Government of the Republic of Albania, this Agreement by a duly

authorised person pursuant to the laws and regulations in full force and effect in the Republic of Albania and to undertake the obligations arising out of this Agreement;

ii) the appointment in writing by the competent authority of the Borrower (certified by the Italian Consulate in the Republic of Albania) of the person or persons duly authorized to sign this Agreement, the Request of Disbursement in the form of Annex A) and the Acknowledgement of Indebtedness in the form of Annex B), referred to under Article 10 below. Such designation shall specify the name and the office of such person/s and contain the up to date "specimen form" of the signatures thereof. Any modifications thereof (if any) shall be transmitted in a timely manner by the Borrower to Artigiancassa;

iii)a statement that certify the opening of the Special Accounts as specified in the definitions.

4.2 Artigiancassa shall, upon receipt and full satisfaction of the aforementioned documents, notify the Borrower and to MAE-DGCS, by letter or fax to be subsequently confirmed by letter, the date on which this Agreement shall have come into effect.

Article 5

Auditing Company

5.1 The ETF shall select and entrust an Auditing Company with the task to certify the Financial Reports issued by the Ministry of Economy Trade and Energy of the Republic of Albania (METE) and the Fund Supervision Management Body (FSMB).

5.2 The certification by the Auditing Company shall: (i) concern the financial, technical reports sent by the Borrower through METE to MAE – DGCS and (ii) consider the regularity and compliance to the conditions set up in this Agreement of every financial transaction relating to the Soft Loan.

Article 6

Term for the Disbursement of the Soft Loan

6.1 The disbursement period of the Soft Loan will expire 36 (thirty-six) months after the date of coming into effect of this Agreement. Such period may be extended by Artigiancassa. Artigiancassa cannot extend the disbursement period in the event the Borrower or the Italian Competent Authorities disagree to such an extension and have so notified in writing Artigiancassa at least 30 (thirty) days before the expiry date of the disbursement period.

6.2 In the event that the disbursement period has expired and is not extendable, Artigiancassa, after having consulted with the Italian Competent Authorities, shall inform the Borrower of the cancellation of Artigiancassa's commitment relating to the unused funds.

Article 7

Conditions and modalities for the disbursement of the Soft Loan for the financing of SMEs projects.

7.1 After this Agreement shall come into effect, Artigiancassa shall execute the Requests of Disbursement, in accordance to the provisions specified herein. The amount of the Soft Loan will be allocated in three installments the first of EUR 5.000.000,00 (Euro five million), the second of EUR 10.000.000,00 (Euro ten million) and the third of EUR 10.000.000,00 (Euro ten million) on the Special Account opened by the Borrower with Bank of Albania. The interest produced by the Special Account or by other accounts opened in a second level bank according to the terms of the Agreement shall be accrued and used for the financing of the Programme and for the service of the debt.

7.2 Each Request of Disbursement shall be executed within 30 (thirty) days starting from the date of receipt of the request by Artigiancassa.

7.3 *The first Request of Disbursement*, transmitted by the METE in accordance with Annex A for the amount of Euro 5.000.000,00 (Euro five million), shall be credited after the coming into effect of this Financial Agreement and the upon receipt by MAE/DGCS of the communication from the METE about the set up and ability to work of the structures described in Article 6 of the PA. Such communication should be sent in copy by MAE/DGCS to Artigiancassa.

7.4 *The second Request of Disbursement*, transmitted by the METE in accordance with Annex A for the amount of Euro 10.000.000,00 (Euro ten million), shall be credited after MAE/DGCS approval and Artigiancassa acknowledgement of the Financial Report, issued by the METE, certified by the Auditing Company and sent to MAE/DGCS with all the pertinent documentation (contracts, bills, invoices, bills of delivery, audited procurement reports, bidding documents). The Financial Report shall cover the commitment of at least EUR.4.000.000,00 of the first instalment. MAE-DGCS shall inform the METE, the Borrower (in c.c.) and Artigiancassa about the results of the verification within 20 calendar days from the receipt date of the Financial Report.

7.5 Should some of the expenditures included in the Financial Report shall be not certified by the Auditing Company and/or not approved by MAE – DGCS, the second installment shall be released only after the Special Account has been replenished by the METE with an amount equal to the expenditures not approved.

7.6 *The third Request of Disbursement*, transmitted by the METE in accordance with Annex A for the amount of EUR 10.000.000,00 (Euro ten million) shall be credited after MAE/DGCS approval and Artigiancassa acknowledgement of the Financial Report issued by the FSMB, certified by the Audit Company, and sent to MAE/DGCS with all the pertinent documentation (contracts, bills, invoices, bills of delivery, audited procurement reports, bidding documents). The Financial Report shall cover the commitment of EUR 12.000.000,00 of the first and second instalment.

MAE-DGCS shall inform the METE the Borrower (in c.c.) and Artigiancassa about the results of the verification within 20 calendar days from the receipt date of the Financial Report.

7.7 Should some of the expenditures included in the Financial Report shall be not certified by the Auditing Company and/or not approved by MAE – DGCS, the third instalment shall be released only after the Special Account has been replenished by the METE with an amount equal to the expenditures not approved.

7.8 Within 12 months from the disbursement of the last installment, the METE shall undertakes to commit an amount higher than Eur. 22.000.000,00 and to produce a Financial Report certified by the Auditing Company and sent to MAE-DGCS. The utilization of the residual amount shall be subject to the approval by MAE-DGCS of the mentioned Financial Report within 20 calendar days from the receipt date of it. MAE-DGCS shall inform the METE, the Borrower (in c.c.) and Artigiancassa about the results of the verification.

7.9 Should some of the expenditures included in the Financial Report shall be not certified by the Auditing Company and/or not approved by MAE – DGCS, the third instalment shall be released only after the Special Account has been replenished by the METE with an amount equal to the expenditures not approved.

7.10 After the utilization of such residual amount, and in any case within 24 months from the date of the last disbursement, the METE shall produce a Final Financial Report certified by the Auditing Company and sent to MAE-DGCS. Within 20 calendar days from the receipt date of the Final Financial Report, MAE-DGCS shall inform the METE, the Borrower (in c.c.) and Artigiancassa about the results of the verification.

7.11 The METE irrevocably undertakes to refund to Artigiancassa the amounts equal to the expenditures not certified by the Auditing Company and/or not approved by MAE – DGCS.

7.12 If any amount credited to the Borrower by Artigiancassa will not be utilised within 24 months from the date of the last disbursement, that amount shall be, immediately, refunded to Artigiancassa by the Borrower.

7.13 Such transfer shall be made out without delay after the communication by MAE/DGCS to the Borrower, and by all means, within a month from MAE/DGCS communication.

Article 8

Conditions and modalities for the disbursement of the Soft Loan for the financing of AGF.

8.1 After this Agreement shall come into effect, Artigiancassa shall execute the Requests of Disbursement, in accordance to the provisions specified herein. The amount of the Soft Loan will be allocated in two instalments the first of EUR 500.000,00 (Euro five hundred thousand) and the second of EUR 2.000.000,00 (Euro two million) on a different Special Account opened by the Borrower with Bank of Albania. The interest produced by the Special Account shall be accrued and used for the financing of the Programme.

8.2 Each Request of Disbursement shall be executed within 30 (thirty) days starting from the date of receipt of the request by Artigiancassa.

8.3 *The first Request of Disbursement*, transmitted by the METE in accordance with Annex A for the amount of Euro 500.000,00 (Euro five hundred thousand), shall be credited after the coming into effect of this Financial Agreement and the receipt:

a) by Artigiancassa of the CLSC and MAE-DGCS approval of the draft of the pilot management plan (Manuale delle Procedure) performed by ETF;
b) by MAE/DGCS of the communication from the METE about the set up and ability to work of the structures described in Article 6 of the PA;

The communication listed in b) above should be sent in copy by MAE/DGCS to Artigiancassa.

8.4 *The second Request of Disbursement*, transmitted by the METE in accordance with Annex A for the amount of Euro 2.000.000,00 (Euro two million), shall be credited after the pilot period's end and after MAE/DGCS approval and Artigiancassa acknowledgement of the Financial Report, issued by the METE, certified by the Auditing Company and sent to MAE/DGCS with all the pertinent documentation. MAE-DGCS shall inform the Borrower and Artigiancassa about the results of the verification within 20 calendar days from the receipt date of the Financial Report.

8.5 Should some of the guarantee operations included in the Financial Report shall be not certified by the Auditing Company and/or not approved by MAE – DGCS, the second installment shall be released only after the Special Account has been replenished by the METE with an amount equal to the expenditures not approved.

8.6 After the utilization of the total amount, and, in any case, within 24 months from the date of the last disbursement, the METE shall produce a Final Financial Report certified by the Auditing Company and sent to MAE-DGCS. Within 20 calendar days from the receipt date of the Final Financial Report, MAE-DGCS shall inform the METE, the Borrower (in c.c.) and Artigiancassa about the results of the verification.

8.7 The METE irrevocably undertakes to refund to Artigiancassa the amounts equal to the guarantee operations not certified by the Auditing Company and/or not approved by MAE – DGCS.

8.8 If any amount credited to the Borrower by Artigiancassa will not be utilised within 24 months from the date of the last disbursement, that amount shall be, immediately, refunded to Artigiancassa by the Borrower.

8.9 Such transfer shall be made out without delay after the communication by MAE/DGCS to the Borrower, and by all means, within a month from MAE/DGCS communication.

Article 9

Repayment of the Soft Loan

9.1 After the first disbursement of funds to the Special Accounts, Artigiancassa shall transmit by letter to the Borrower, the repayment schedule of the amount disbursed, indicating the due dates relative thereto. After the (second/any further disbursement) of the fund, Artigiancassa shall transmit to the Borrower a new repayment schedule revised on the basis of the last disbursement. Each and every repayment schedule, completed in accordance with the conditions set forth in Article 9.2 and 9.3, shall be accepted by the Borrower in writing.

9.2 Each amount credited by Artigiancassa to the Account shall be repaid according to the repayment schedule in 40 consecutive, equal deferred semi-annual instalments (hereinafter referred to as the "Principal Instalments"), the first of which falling due 216 months from the date of crediting of the first instalment. Artigiancassa shall send to the Borrower the said repayment schedule in compliance with Article 9.1. For each repayment the Borrower shall indicate to Artigiancassa the Financial Agreement number and the total amount of the Soft Loan, and shall detail for each due date the amounts paid.

9.3 The Borrower undertakes to make all payments and repayments due under this Agreement as well as under the Acknowledgement of Indebtedness without delay on the actual due date, for the corresponding amount in Euro, in favour of Artigiancassa or the person/s entitled thereto. Such amounts shall be credited without deduction of any bank and/or exchange fee and/or taxes and without notice thereof by Artigiancassa or the persons entitled thereto being required.

Article 10

Delivery of the Acknowledgement of Indebtedness

10.1 Within 60 (sixty) calendar days from the last Soft Loan disbursement expiry date set forth in Article 6.1, the Borrower shall deliver to Artigiancassa the Acknowledgement of Indebtedness duly signed and initialled by the Borrower on each page, in the form of Annex B.

10.2 The repayment schedule set forth in the Acknowledgement of Indebtedness shall be completed by summing up all principal instalments not yet matured and the instalments which have matured but not paid at the date of delivery of the Acknowledgement of Indebtedness, provided for in the relevant repayment schedule for each disbursement, in accordance with the provisions of Article 9.1.

10.3 Artigiancassa shall deposit the Acknowledgement of Indebtedness for record and administration thereof and shall from time to time register on the Acknowledgement of Indebtedness any payment of amount for principal, as soon as all payments contemplated in the Acknowledgement of Indebtedness shall have been made, it shall return the same to the Borrower duly signed for receipt.

Article 11

Borrower's commitment

11.1 The Borrower's commitment to pay the sums due under this Agreement and the Acknowledgement of Indebtedness related thereto is independent, absolute, unconditional and irrevocable.

Article 12

Impediments and force majeure

12.1 In case of impediments to the implementation of the (Programme/Project) due to causes of force majeure (such as war, flood, typhoon, fire, earthquake, labour conflicts and strikes, act of any government, unexpected transportation difficulties, labour and other causes) the provisions specified in the PA shall be applied. Artigiancassa shall follow instruction of competent Italian Authorities related to the Programme activities.

Article 13

Disbursement Suspension

13.1 During the Soft Loan's disbursement period, Artigiancassa reserves the right to suspend any Request of Disbursement under Article 7 and 8, in case of an Event of Default occurs or in case a default occurs under any other soft loans granted by the Government of the Republic of Italy to the Government or to the Central Bank or to State Agencies of the Republic of Albania, pursuant to Article 6 of Law no. 38 of February 9, 1979 and Article 6 of Law no. 49 of February 26, 1987 of the Republic of Italy as amended from time to time. Artigiancassa shall timely inform the Borrower of such suspension.

13.2 Artigiancassa will execute any Request of Disbursement provided for under Article 7 and 8 in the event that the corresponding sums are made available by the Italian Competent Authorities. Artigiancassa shall not be deemed responsible vis-à-vis the Borrower in case the sums to be disbursed under the Soft Loan will not be available by the Italian Competent Authorities.

Article 14

Default interest

14.1 If for any reason whatsoever Artigiancassa does not receive the sums due for principal within the due date, the Borrower shall be bound to pay, on said sums, default interest from the due date up to the date of actual crediting in favour of Artigiancassa or of the person(s) entitled thereto.

14.2 Such default interest shall be calculated by applying the simple interest formula, at the rate of 2.50% (two point fifty percent) for the period of 35 (thirty five) days immediately subsequent to the original due date up to the date of actual crediting in favour of Artigiancassa. The latter default interest shall be periodically updated by the Italian Competent Authorities.

14.3 The revision is aimed at bringing the default interest in line with, and for any reason not above the Commercial Interest Reference Rate (CIRR) published monthly by OECD.

Article 15

Taxes

15.1 Any present or future tax which may be due in the Republic of Albania for any reason whatsoever related to this Agreement and to the Acknowledgement of Indebtedness, shall be exclusively borne by the Borrower.

15.2 Any tax due in Italy related to this Agreement shall not be borne by the Borrower.

15.3 Artigiancassa declares that it will avail itself of the tax status provided for under Article 19 of the Decree of the President of the Republic n. 601 of September 29, 1973, as amended from time to time.

Article 16

Governing Law

16.1 This Agreement shall be governed by and construed in accordance with Italian law.

Article 17

Settlement of disputes

17.1 The parties hereto shall endeavour to settle amicably any dispute arising from the interpretation and/or execution of this Agreement.

17.2 If these efforts should not lead to a settlement of the disputes within a reasonable period of time, the dispute shall be settled at a governmental level.

17.3 Should this effort also fail or (if the attempt is made) it does not result in a satisfactory result, all disputes arising from or in connection with the Financial Agreement shall be finally settled under the Rules Arbitration of the International Chamber of Commerce, Paris, France, by an Arbitration Tribunal of three Arbitrators:

- one appointed by the Borrower;
- one appointed by Artigiancassa;
- the third arbitrator shall be appointed by the above mentioned Arbitrators or, in case of their disagreement, by the Chairman of the International Chamber of Commerce, Paris.

17.4 If the Borrower or Artigiancassa do not appoint their arbitrator within 30 (thirty) days from the request of the other party, the arbitrator shall be appointed by the Chairman of the International Chamber of Commerce, Paris.

17.5 The decision of the Arbitration Tribunal, who shall decide according to the law of the Republic of Italy, shall be final and unconditionally binding on both parties without any possibility of appeal.

17.6 No disagreement nor dispute which may arise between the parties hereto shall suspend the obligation of the Borrower to pay, on the agreed due dates, all the amounts due under this Agreement and in particular all the amounts resulting from the repayment schedules set forth in Article 7, and from the Acknowledgement of Indebtedness relative thereto.

Article 18

Notices

18.1 Notices to be given pursuant to this Agreement shall be addressed as follows:

- Ministry of Finance of the Republic of Albania –
  Boulevarde "Deshmoret e Kombit" Nr.1. TIRANA - ALBANIA
  TEL.: +355 -4- 250264; FAX: +355 -4- 228494
- Artigiancassa S.p.A. –
  Via Crescenzo Del Monte 25, - 00153 ROME - ITALY
  Office Telephone +39-06/5845414/561/560 Fax +39- 06/5845466

Article 19

Original texts of the Financial Agreement

19.1 This Agreement is signed in three originals in English.

Artigiancassa S.p.A.

Signed in Tirana on February 24th [illegible]

The Council of Ministers of the Republic of Albania represented by The Ministry of Finance of the Republic of Albania

Signed in Tirana on February 24th [illegible]

(Form of Request for Disbursement)

Annex A)

From: .... (METE)
To: Artigiancassa S.p.A.

Financial Agreement of Euro signed by us in on .... and by Artigiancassa S.p.A. in .... on ....

Pursuant to Article .... of the above mentioned Financial Agreement we hereby request you to credit within 30 (thirty) days, to the Special Account (as defined therein) n. " " and opened with Bank ...., the amount of EURO ...., provided that the pertaining funds have been made available by the Italian Competent Authorities (as defined therein).

The funds credited by you on the Account shall be utilised for the implementation of Programme.

We hereby unconditionally and irrevocably undertake to repay the said amount of EURO ...., credited by you to the Account, according to the terms and conditions set forth in the above mentioned Financial Agreement.

Within 60 (sixty) days from the last Soft Loan disbursement expiry date, we undertake to deliver to Artigiancassa S.p.A. an Acknowledgement of Indebtedness for all the amounts disbursed under the above mentioned Financial Agreement.

Said Acknowledgement of Indebtedness shall be in the form of Annex B) of the above mentioned Financial Agreement.

Yours faithfully,

(Form of Acknowledgement of Indebtedness)

the .... (Borrower) **Annex B)**

N. ....
Place and date of issue:
....

With regard to the Financial Agreement between .... (Borrower), acting in the name and on behalf of the Government of the ... and Artigiancassa, signed in .... on .... and in .... on ...., the .... (Borrower) acknowledge receipt of the following amounts from Artigiancassa:

.... on ....
.... on ....
....

Therefore, the .... (Borrower) hereby unconditionally and irrevocably declares to be a debtor of Artigiancassa, as administrator of the Revolving Fund for development co-operation on behalf of the Ministry of the Economy and Finance of Italy - with registered office in Rome (Italy), Via Crescenzo del Monte 25, for the principal amount of EURO .... (...............) which it undertakes to repay in .. (..........) equal consecutive deferred semi-annual instalments, the first of which falling due on .... and the last on ...., according to the repayment schedule set forth herein below.

The .... (Borrower) shall repay the principal instalments and shall pay the interest provided for in this Acknowledgement of Indebtedness, by crediting the relevant amounts in EURO, on the agreed due dates, in favour of Artigiancassa, or of the persons entitled thereto, with the branch office in Rome of Artigiancassa, free of any bank and/or conversion fees.

If with the branch office in Rome of Artigiancassa for any reason whatsoever, including reasons beyond the Borrower's control, does not receive the amounts due for principal provided for under this Acknowledgement of Indebtedness within the due date, the Borrower shall be bound to pay at the branch office in Rome of Artigiancassa, on such amounts, default interest in favour of Artigiancassa or of the person(s) entitled thereto.

Such default interest shall be calculated, by applying the simple interest formula. Default interest shall not be calculated for the period of 35 (thirty five) days immediately following the original due date and, thereafter, it shall be calculated at the rate of 2.5% up to the date of actual crediting in favour of Artigiancassa. The latter default interest shall be periodically updated by the Italian Competent Authorities; such updating shall take place from ......

(Borrower's initials)

to be continued

Artigiancassa shall from time to time indicate on this Acknowledgement of Indebtedness any payment of principal.

As soon as all payments listed in the repayment schedule set forth herein below will have been made, this Acknowledgement of Indebtedness shall be returned to shall be returned by Artigiancassa to the Borrower, through the Bank ....

This Acknowledgement of Indebtedness is issued pursuant to the Soft Loan of EURO ....(.............), granted in compliance with Article 6 of Law no. 49 of February 26, 1987.

REPAYMENT SCHEDULE

Date of maturity	Principal instalments	Total
a)	....	
b)	....	....
c)	....	....
d)	....	....
....	....	....
		....
1)	....	
2)	....	....
3)	....	....
4)	....	....
5)	....	....
6)	....	....
7)	....	....
8)	....	....
9)	....	....
10)	....	....
....	....	....
		....

(Borrower's signature)

REPPUBLICA D'ALBANIA

PIENI POTERI

Il Consiglio dei Ministri della Repubblica d'Albania autorizza il Sig. Ridvan Bode, Ministro delle Finanze a firmare la;

"Convenzione Finanziaria tra il Consiglio dei Ministri della Repubblica d'Albania, rappresentato dal Ministero delle Finanze, e Artigiancassa S.p.A per il programma di sviluppo del settore privato tramite il supporto alle piccole medie imprese e relativa assistenza tecnica per un valore di 27,5 milioni di Euro"

In testimonianza di tutto ciò si stipula questo atto di Pieni Poteri a Tirana, la capitale della Repubblica d'Albania, il 23 febbraio 2006-02-24

Il Primo Ministro
Sali Berisha

Il Ministro degli Esteri
Besnik Mustafaj