

INTERNATIONAL TENDER ANNOUNCEMENTS

The Government of the
Republic of Albania (GoA)



Ministry of Economy, Trade
and Energy (METE)

The Government of the Republic of Albania, represented by the Ministry of Economy, Trade and Energy, announces the following:

Invitation for Expressions of Interest (EoI) to participate in the tender procedures for the privatization of 100% of the share capital of the following state owned joint stock company

"HEC BISTRICA 1 & BISTRICA 2" SH.A.
Registered Capital – 2,070,027,000 Albanian Lekë
Shares – 2,070,027 with par value 1000 Albanian Lekë
(with address: Vlorë, Mesopotam, Bistricë, Sarandë, Albania)
(HPP Bistrica I - 22.5 MW & HPP Bistrica II - 5 MW)

The GoA has entrusted METE to privatize the joint stock company "HEC BISTRICA 1 AND BISTRICA 2" Sh.a (the "Target Company"), engaging in the hydro generation and sale of electrical power.

The privatization of the Target Company shall be realized by the sale of one hundred (100%) of its share capital held by METE, to strategic investors (the "Project") invited by METE to participate in the open international tender procedures (the "Bidding Process"). A non refundable Due Diligence Fee of Euro 1000 (one thousand) shall apply.

Participation in the Bidding Process is subject to METE's invitation ("Invitation for Bids") to interested investors, who meet the following criteria, that have expressed their interest to participate in the Bidding Process:

- be incorporated (pursuant to the law governing its incorporation) as a legal entity, having separate legal personality from its members/shareholders;
- be solvent, not to have been declared bankrupt or undergoing liquidation procedures;
- posses the human resources as well as the technical, professional and organizational experience in operating hydropower plants – a bidder owning/operating one or more hydropower plants, with an individual, or combined installed power capacity of at least 15 MW is deemed to meet this criteria;
- posses financial resources for operating hydropower plants - a bidder is deemed to meet this criteria if its equity, resulting from its financial accounts of the last business year is equal to at least Eur 25 Million (or equivalent in other currencies);
- be reputable regional and/or international energy market operator;

The evaluation of the above criteria and issuance of the Invitation to Bid shall be in the sole discretion of METE.

Interested investors wishing to be invited by METE to participate in the Bidding Process, individually or as a Consortium, are required to submit their written Expression of Interest (EoI), together with the following documents (for each member if a Consortium):

- certificate of incorporation or commercial registry abstract of the interested investor, showing the registration status as a legal entity having separate legal personality from its members/shareholders;
- certificate of good standing issued by the court, commercial registry or other authority of jurisdiction of the interested investor, showing that the interested investor is not declared bankrupt or undergoing liquidation procedures;
- audited/unaudited financial statements of the last closed business year;
- Curriculum Vitae* of the interested investor with information on technical and professional experience in operating hydropower plants together with the relevant installed capacity of operated plants expressed in MW.

All of the above documents should be in English language, or with a English translation, certified in the country of incorporation of the interested investor (or Consortium member). Documents under items 1 and 2 should not bear a date which is more than 45 calendar days before the date of the EoI and should bear the Apostille seal according to the Hague Convention Abolishing the Requirement for Legalization for Foreign Public Documents (or alternatively be legalized by the respective Albanian diplomatic authorities).

For further information on the terms and conditions the Bidding Process, on allowed terms for Consortiums and on how to access the Data Room, please visit <http://www.mete.gov.al>.

The Expressions of Interest and the above documents should be delivered in original by express mail in a sealed envelope together with the full name and address of the interested investor (Consortium members), with the reference: "Expression of Interest – HPP Privatization Project – not to be opened by unauthorized staff" - no later than the 4th of June, 2012, 02:00 pm local time Tirana, to:

Ministry of Economy, Trade and Energy
Blvd. Dëshmorët e Kombit
Tirana, Republic of Albania
attn: Ms. Dhurata Hoxha

Documents should also be advanced by e-mail to METE' Project Coordinator dhurata.hoxha@mete.gov.al and IFC's Project Team at: albaniahpps@ifc.org.

"HEC ULËZ SHKOPET" SH.A.
Registered Capital -1,659,137,000 Albanian Lekë
Shares – 1,659,137 with par value of 1000 Albanian Lekë
(with address: Diber Burrel, Ulëz, Burrel, Albania)
(HPP Ulëz - 25.2 MW & HPP Shkopet - 24 MW)

The GoA has entrusted METE to privatize the joint stock company "HEC ULËZ SHKOPET" Sh.a (the "Target Company"), engaging in the hydro generation and sale of electrical power. The privatization of the Target Company shall be realized by the sale of one hundred (100%) of its share capital held by METE, to strategic investors (the "Project") invited by METE to participate in the open international tender procedures (the "Bidding Process"). A non refundable Due Diligence Fee of Euro 1000 (one thousand) shall apply.

Participation in the Bidding Process is subject to METE's invitation ("Invitation for Bids") to interested investors, who meet the following criteria, that have expressed their interest to participate in the Bidding Process:

- be incorporated (pursuant to the law governing its incorporation) as a legal entity, having separate legal personality from its members/shareholders;
- be solvent, not to have been declared bankrupt or undergoing liquidation procedures;
- posses the human resources as well as the technical, professional and organizational experience in operating hydropower plants – a bidder owning/operating one or more hydropower plants, with an individual, or combined installed power capacity of at least 15 MW is deemed to meet this criteria;
- posses financial resources for operating hydropower plants - a bidder is deemed to meet this criteria if its equity, resulting from its financial accounts of the last business year is equal to at least Eur 25 Million (or equivalent in other currencies);
- be reputable regional and/or international energy market operator;

The evaluation of the above criteria and issuance of the Invitation to Bid shall be in the sole discretion of METE.

Interested investors wishing to be invited by METE to participate in the Bidding Process, individually or as a Consortium, are required to submit their written Expression of Interest (EoI), together with the following documents (for each member if a Consortium):

- certificate of incorporation or commercial registry abstract of the interested investor, showing the registration status as a legal entity having separate legal personality from its members/shareholders;
- certificate of good standing issued by the court, commercial registry or other authority of jurisdiction of the interested investor, showing that the interested investor is not declared bankrupt or undergoing liquidation procedures;
- audited/unaudited financial statements of the last closed business year;
- Curriculum Vitae* of the interested investor with information on technical and professional experience in operating hydropower plants together with the relevant installed capacity of operated plants expressed in MW.

All of the above documents should be in English language, or with a English translation, certified in the country of incorporation of the interested investor (or Consortium member). Documents under items 1 and 2 should not bear a date which is more than 45 calendar days before the date of the EoI and should bear the Apostille seal according to the Hague Convention Abolishing the Requirement for Legalization for Foreign Public Documents (or alternatively be legalized by the respective Albanian diplomatic authorities).

For further information on the terms and conditions the Bidding Process, on allowed terms for Consortiums and on how to access the Data Room, please visit <http://www.mete.gov.al>.

The Expressions of Interest and the above documents should be delivered in original by express mail in a sealed envelope together with the full name and address of the interested investor (Consortium members), with the reference: "Expression of Interest – HPP Privatization Project – not to be opened by unauthorized staff" - no later than the 6th of June, 2012, 02:00 pm local time Tirana, to:

Ministry of Economy, Trade and Energy
Blvd. Dëshmorët e Kombit
Tirana, Republic of Albania
attn: Ms. Dhurata Hoxha

Documents should also be advanced by e-mail to METE' Project Coordinator dhurata.hoxha@mete.gov.al and IFC's Project Team at: albaniahpps@ifc.org.

METE reserves the right to modify terms or terminate the Bidding Process at any time.



GOVERNMENT OF THE REPUBLIC OF ALBANIA
Ministry of Economy, Trade and Energy

DUE DILIGENCE MEMORANDUM

RELATED TO

**THE TENDER PROCEDURES FOR
THE SALE OF 100% OF THE SHARE CAPITAL OF
“HEC ULËZ SHKOPET” SH.A**

2012

TABLE OF CONTENTS

1.	INTRODUCTION.....	3
2.	DEFINITION OF TERMS.....	4
3.	SCOPE	4
4.	ADMISSION TO DUE DILIGENCE PROCESS	4
5.	ACCESS TO THE ELECTRONIC DATA ROOM.....	5
6.	SITE VISITS AND MEETING WITH OFFICIALS	5
6.1	CONDITIONS FOR SITE VISITS.....	5
6.2	SCHEDULED MEETINGS.....	6
7.	RESTRICTIONS ON ACCESS TO THE ELECTRONIC DATA ROOM.....	6
8.	RESERVATIONS AND DISCLAIMER	6
9.	MISCELANEOUS	7
9.1	PROJECT COORDINATOR.....	7
9.2	IFC PROJECT TEAM.....	7
9.3	LANGUAGE	7
ANNEX 1 – DATA ROOM APPLICATION FORM		9
ANNEX 2 – ELECTRONIC DATA ROOM RULES.....		10
ANNEX 3 - DISCLAIMER STATEMENT		12
ANNEX 4: CONFIDENTIALITY AGREEMENT		13

**DUE DILIGENCE MEMORANDUM
RELATED TO THE TENDER PROCEDURES FOR THE SALE OF 100% OF THE
SHARE CAPITAL OF THE COMPANY
“HEC ULËZ SHKOPET” SH.A**

This Due Diligence Memorandum (including the Annexes hereto) has been prepared by the Albanian Ministry of Economy, Trade and Energy (METE) for the selection of the strategic investors interested in purchasing 100 % of the share capital of “HEC ULËZ SHKOPET” Sh.a pursuant to Decision of the Council of Ministers no. 153, dated 29.2.2012 “On the criteria and procedures for the selection of the strategic investor for the sale of 100% of the shares of the capital of the joint stock company HEC ULËZ SHKOPET Sh.a”.

This Due Diligence Memorandum (including the Annexes hereto) is also based on Law No. 8306 dated 14/03/1998 "On the Privatization of Strategic Sectors", article 3 and 8 of Law no.10 430, dated 9.6.2011 “On the creation of the companies “HEC ULËZ SHKOPET” Sh.a, “HEC TIRANË, LANABREGAS” SHA and “HEC BISTRICA 1 BISTRICA 2” Sh.a, and the definition of the form and structure and formula for the Privatization Formula of the Companies “HEC ULËZ SHKOPET” Sh.a and “HEC BISTRICA 1 BISTRICA 2” Sh.a as well as the Decision of the Council of Ministers No. 329, dated 12/7/1999 “On the tender procedures for the selection of strategic investors and on the transfer of shares owned by the state to private companies in sectors of special importance” as amended and shall therefore be read in conjunction with these documents.

1. INTRODUCTION

The Government of Albania (“GoA”) has undertaken several initiatives in the energy sector, including the process of liberalization and privatization of the energy market, deriving from the adherence in the Treaty establishing the Energy Community signed on 25 October 2005 in Athens.

The main measures taken by the GoA, on the side of the liberalization of the energy market, between others, are:

- the unbundling from KESH of the Transmission System Operator (TSO);
- the unbundling from KESH of the Distribution System Operator (DSO);
- the introduction of new liberalized rules for the energy market, by approving the new Power Market Model (Decision of the Council of Ministers No. 338, dated 19 March 2008 On the approval of the Power Market Model”) and new Power Market Rules (Energy Regulator (ERE) Decision No. 68 dated 23 June 2008);
- the privatization of the Distribution System Operator (DSO), unbundled from KESH.

The GoA plans to further develop its already initiated strategy, by attracting further foreign investments in the Albanian energy sector, and specifically in hydropower generation projects.

The GoA, through the METE wishes to privatize 100% of the share capital of the joint stock company “HEC ULËZ SHKOPET” Sh.a, hereinafter the Target Company, having its registered office in: Diber Burrel, Ulëz, Burrel, Albania, registered at the Albanian commercial registry with unique company identification number L183069010;

The Target Company is engaged in the business of hydro generation and sale of electrical power. The privatization of the Target Company shall be realized by the sale of one hundred percent (100%) of its share capital held by METE, to the strategic investor selected pursuant to the Tender Procedures.

In order to attract the optimal strategic investors to operate and develop the Target Company, METE has decided to initiate the Bidding Process for the execution and completion of the Share Purchase Agreement to be entered into by and between METE and the Winning Bidders selected pursuant to the Tender Procedures.

2. DEFINITION OF TERMS

Terms used in this Due Diligence Memorandum (including the Annexes hereto), unless the context otherwise requires, have the same meaning as defined in the Instructions to Bidders and Tender Procedures and shall therefore be read in conjunction with these documents.

3. SCOPE

This Due Diligence Memorandum (including the Annexes hereto) (the “**Memorandum**”) contains the instructions for interested investors invited by METE to participate in the Bidding Process pursuant to the terms and conditions of the Instructions to Bidders and Tender Procedures (the “**Bidder**”) on rules applicable to their due diligence, on how to use the electronic data room accessible at the internet address contained in Annex 2 attached herein (the “**Electronic Data Room**”) and to participate in site visits at the hydropower plants operated by “HEC ULËZ SHKOPET” SH.A (the “**Project’s Sites**”).

Bidders shall be allowed to conduct the following process (collectively the “**Due Diligence Process**”):

- (a) examine the materials provided in the Electronic Data Room by the METE and its advisors related to the Project (collectively referred to as the “**Data**” as further defined in the Confidentiality Agreement);
- (b) visit and examine the Project’s Sites and related facilities; and
- (c) meet with the METE's officials and their advisors for questions and clarifications.

pursuant to the terms and conditions of this Memorandum, after the Bidder has completed the admission procedures required herein.

4. ADMISSION TO DUE DILIGENCE PROCESS

Bidder shall be allowed to access the Due Diligence Process subject to the completion of the following terms and conditions:

- (a) the following documents (collectively the “**Due Diligence Documents**”) have been duly executed by the Bidder;
 1. Data Room Application Form (as contained in Annex 1 attached hereto)
 2. Data Room Rules (as contained in Annex 2 attached hereto);
 3. Disclaimer Statement (as contained in Annex 3 attached hereto), and
 4. Confidentiality Agreement (as contained in Annex 4 attached hereto);

- (b) a non refundable amount of EUR 1000 (one thousand) (the “**Due Diligence Fee**”) is duly paid in immediately available funds by means of a bank transfer to the following Bank Account:

[bank account of METE to be notified]

- (c) the duly executed Due Diligence Documents and the bank statement attesting the payment of the Due Diligence Fee are delivered to the Project Coordinator, as described in Section 9.1;

5. ACCESS TO THE ELECTRONIC DATA ROOM

Without delay following to the completion of condition under Section 4(c), the Project Coordinator shall make available to the Bidder up to 2 (two) user accounts with relevant passwords, which shall be sent in hardcopy or through e-mail communication to the Bidder, through the means and at the address indicated in the Data Room Application Form submitted to the Project Coordinator pursuant to Section 4(c).

METE cannot guarantee that e-mail communications are secure or free from errors/viruses. E-mail communication is not recommended for the transmission of confidential information as they could be intercepted, corrupted, amended or otherwise. Accordingly, the METE does not guarantee the confidentiality of such communications. Therefore, should the Bidder choose to receive the user accounts with relevant passwords for accessing the Electronic Data Room through e-mail communications, then the confidential and safe transmission of the user accounts with relevant passwords shall be made under the responsibility of the Bidder, and METE accepts no liability whatsoever in case of interception, corruption, amendment or similar of any e-mail communication with Bidder, containing confidential information.

Bidder shall choose at its sole discretion the person to whom the user accounts with relevant passwords for accessing the Electronic Data Room shall be made available, provided however that any access and use of any Data through the user accounts for accessing the Electronic Data Room transmitted to the Bidder, shall be covered by terms and conditions of the Confidentiality Agreement (as contained in Annex 4 attached hereto).

6. SITE VISITS AND MEETING WITH OFFICIALS

Following to the completion of condition under Section 4(c), the Bidder shall be allowed to attend, pursuant to the Estimated Time Table:

1. Visit to each of the Project's Sites and related facilities (the “**Site Visits**”);
2. Meetings with the METE's officials;

6.1 Conditions for Site Visits

The Bidders shall be allowed to attend the Site Visits with up to the number of representatives that may be notified by the Project Coordinator together with the scheduled timetable for such site visits, and provided that:

- (a) Bidders will be responsible for arranging their own transportation for site visits;

- (b) Bidders shall comply with all applicable health and safety rules and regulations; and
- (c) Bidders should conduct themselves in such a manner so as not to interfere with the operation of the Project's Sites and facilities.

6.2 Scheduled Meetings

METE intends to organize meetings between Bidders and METE, KESH and Target Company officials pursuant to the Estimated Timetable. These meetings are open to all Bidders complying with the above requirements.

Bidders may choose to submit written questions to the METE, through the Project Coordinator. METE may at its own discretion request Bidders to submit additional questions in writing in lieu of follow-up meetings. All written questions should be sent by e-mail to the Project Coordinator, with a copy to the IFC Project Team. If the Bidder does not copy the IFC Project Team in its e-mails, METE reserves the right not to respond to such questions. Otherwise the METE will make reasonable efforts to reply in writing but shall not be bound to do so. In those cases where the METE replies in writing, copies of the written questions and answers will be distributed to all Bidders via e-mail.

7. RESTRICTIONS ON ACCESS TO THE ELECTRONIC DATA ROOM

Bidders withdrawing from the Bidding Process at any time will have their access to the Electronic Data Room revoked.

Bidders withdrawing from the Bidding Process at any time will not be allowed to attend Site Visits.

Consequently, withdrawing Bidders shall destroy any copies or documents containing any confidential information obtained during the Due Diligence Process, provided however that a withdrawal from the Bidding Procedures shall not cause the termination of the Confidentiality Agreement signed by the Bidder. The same obligation shall apply if the Bidder withdrawing from the Bidding Process, the Bidder is disqualified in any way from the Bidding Process, its Bid is rejected and/or in any other case where METE and/or GoA decide to terminate the Due diligence Process and/or the Bidding Process.

8. RESERVATIONS AND DISCLAIMER

METE shall have the right at any time to:

- modify, abandon or terminate the Bidding Process; and
- terminate the due diligence inquiries of any Bidder;

Any notice of such termination will be in writing. Upon termination or closure of the Due Diligence Process, each Bidder will, upon a request by METE, dispose of the Data subject to and in accordance with the terms of the Confidentiality Agreement accepted and executed by Bidder.

METE reserves the right to modify the rules and procedures set out in this Memorandum at any time by notice to the Bidders and the same shall be binding on all the Bidders.

The Disclaimer Statement contained in Annex 3 of this Memorandum shall apply to all documents and/or information provided to a Bidder and/or its advisors/consultants in relation to the Due Diligence Process or Bidding Process, including all Data.

GoA, METE, the Project Coordinator, IFC, Target Company and their respective officers, employees, advisors and consultants do not take any liability or responsibility whatsoever for any and all expenses of whichever nature which any or all Bidders made at the time the Bidding Process is modified, abandoned or terminated, the due diligence inquiries are terminated or the rules and procedures set out in this Memorandum are modified. For the avoidance of doubt, Bidders shall not request the refund of the Due Diligence Fee or any part thereof if the Bidding Process is modified, abandoned or terminated, the due diligence inquiries are terminated or the rules and procedures set out in this Memorandum are modified.

9. MISCELANEOUS

9.1 Project Coordinator

Ms. Dhurata Hoxha has been appointed as the Project Coordinator on behalf of the METE. The Project Coordinator shall supervise the due diligence and will use all reasonable endeavors so that all Interested Investors will have an equal treatment and access to the Data.

Ms. Dhurata Hoxha

Ministry of Economy, Trade and Energy

Blvd. Dëshmorët e Kombit

Tirana, Republic of Albania

Tel: + 355 4 2222245/ 74183

Email: dhurata.hoxha@mete.gov.al

The copies of the executed originals of the Due Diligence Documents mentioned in Section 4(c) shall be first submitted to the Project Coordinator by e-mail, followed by the originals sent by post, at the above address.

9.2 IFC Project Team

Any correspondence from Bidders relating to the Project, the Memorandum, the Electronic Data Room, the Data or any other relevant issue should be addressed to the Project Coordinator with a copy to the Project Team of the International Finance Corporation (“IFC”), the METE’s advisor on this Project. If a Bidder does not copy the IFC Project Team on any of its correspondence with the METE, the METE reserves the right not to respond to such correspondence.

The email address of the IFC Project team is as follows:

Email: albaniahpps@ifc.org

9.3 Language

All correspondence relating to the matters dealt with in the present Memorandum will be in English. The meetings with METE, KESH and Target Company officials will be conducted in English.

METE does not guarantee the knowledge of the English language by all its representatives, nor the attendance of interpreters of any language during the meetings with METE, KESH and Target Company officials.

ANNEX 1 – DATA ROOM APPLICATION FORM

[Letterhead of Bidder / or on behalf of Consortium]

Place [●], Date [●]

To: Ms. Dhurata Hoxha
 Ministry of Economy, Trade and Energy
 Blvd. Dëshmorët e Kombit
 Tirana, Republic of Albania
 Email: dhurata.hoxha@mete.gov.al

cc: IFC Project Team
albaniahpps@ifc.org

Ref: Data Room Application Form - Privatization of “HEC ULËZ SHKOPET” Sh.A

Dear Madam/Sir,

By the present, the undersigned.....[*insert name of Bidder – or Bidders, if the Bid is submitted as a Consortium*] having been invited by Albanian Ministry of Economy, Trade and Energy (METE) to participate in the Bidding Process for the Privatization of “HEC ULËZ SHKOPET” Sh.A, hereby requests to be allowed to access the Electronic Data Room of said project, for the following representatives:

No.	First Name	Last Name	Passport Number	Signature	Team Leader
1					<input type="checkbox"/>
2					<input type="checkbox"/>

Please also send the relevant user account and password as well as other communication with regard to the Project, to the following address:

By e-mail, at the following address: _____

By hardcopy mail, at the following address: _____

Please also address all other communications to the above address (unless otherwise informed. Please also find attached the:

1. Duly signed Data Room Rules;
2. Duly signed Disclaimer Statement;
3. Duly signed Confidentiality Agreement;
4. Copy of bank statement attesting the payment of the Due diligence Fee

Sincerely,

 [Signature]

ANNEX 2 – ELECTRONIC DATA ROOM RULES

This Annex sets out the Rules for the Electronic Data Room (the "Rules") that must be complied with by each Bidder and/or its directors, representatives, employees, advisors and other person to whom Bidder grants access thereto (the "User"), as required under Section 5 of the Due Diligence Memorandum related to the Bidding Process for the privatization of 100% of the share capital of "HEC ULËZ SHKOPET" Sh.a, having its registered office, at Dibër Burrel, Ulëz, Burrel, Albania, registered at the Albanian commercial registry with unique company identification number L183069010.

1. The Electronic Data Room is accessible, prior authentication, at the following internet address (<https://www.imprimairooms.net/login.asp>) The Electronic Data Room will be open at all times except when temporary (pre - notified) suspension is required for maintenance and/or repair of the website.
2. Access of the Electronic Data Room through any internet browser software is not guaranteed. Users may therefore be required to install a different internet browser software than the one currently in use.
3. Each Bidder will be granted a username and access password for the Electronic Data Room pursuant to Section 5 of the Due Diligence Memorandum.
4. Each User accepts and acknowledges that these Rules apply to every single access to the Electronic Data Room and every User commits to respect these Rules in their entirety.
5. Access to the Electronic Data Room by a single User implies its complete acceptance of all the terms and conditions of these Rules. It will be Bidder's sole responsibility to ensure that each User abides by these Rules.
6. The documents displayed in the Electronic Data Room are classified by topic in folders and are listed in an index.
7. Whilst all reasonable efforts have been made to ensure the completeness and accuracy of the contents of the Data, this cannot be guaranteed and neither the METE or the Project Coordinator, nor any of its officers or employees, nor any of their respective advisors or consultants accept any liability or responsibility for any failure to ensure the completeness and accuracy of the contents of the Data.
8. During the course of the Due Diligence Process additional documentation may be added and existing documents may be updated.
9. Bidders should direct requests for documents not available in the Electronic Data Room to the Project Coordinator by e-mail, with a copy to the IFC Project Team. Requests for additional information shall only be made for information which is material and significant for the Project. Any document requested by a Bidder that is produced by the METE, shall be added to the Electronic Data Room, and all Bidders will receive periodic notice of such additions. The METE reserves the right to deny any request for additional information or to refuse to provide a response to a question.
10. The Electronic Data Room will contain Confidential Information. The use of this Confidential Information shall be limited to the conduct of the Due Diligence Process and document that be copied, printed, photographed, saved, removed shall be subject to the terms and Conditions of the Confidentiality Agreement accepted and executed by Bidder.
11. Documents will be available in the language in which they were originally drafted and executed (mostly Albanian language). Some of the documents may be in English language or with an English translation thereof. Translations are not available upon request, and therefore Bidders shall translate, if they deem it necessary, the documents under their sole responsibility.
12. Documents will be primarily available in .pdf format however METE may upload documents in other formats as well. Users may therefore be required to install software such as Adobe Acrobat Reader if it is not yet installed on the computer, or any other device used by Users to access the Electronic Data Room. If in doubt, Users are invited to contact their system administrator.

13. METE, IFC and/or the Electronic Data Room service provider and their representatives are not liable for any damage that Users may encounter during the download or installation of any software needed to view the documentation in the Electronic Data Room.
14. Users requiring technical assistance in accessing or browsing the Electronic Data Room shall contact the Project Coordinator and IFC Project Team.
15. By accessing the Electronic Data Room, each User commits to: (i) refrain from sharing their login information (USER ID and PASSWORD) with third parties unauthorized by Bidder pursuant to Section 5 of the Due Diligence Memorandum; (ii) refrain from disabling or trying to disable the Electronic Data Room's security protections; (iii) not leave their computer or any other device through which they access the Electronic Data Room unattended; (iv) log-out from the Electronic Data Room at the end of each consultation session; (v) not to use the Electronic Data Room in any way which would constitute a breach of any applicable law.
16. The METE and the provider of the Electronic Data Room may monitor every single user's activity carried out in the Electronic Data Room and may record their logins.

[**THE BIDDER**], represented by [●], in the capacity of [●] hereby agrees to comply with such Rules.

Place [●], Date [●]

ANNEX 3 - DISCLAIMER STATEMENT

With respect to the Bidding Process for the privatization of 100% of the share capital of “HEC ULËZ SHKOPE” Sh.a, having its registered office, at Dibër Burrel, Ulëz, Burrel, Albania, registered at the Albanian commercial registry with unique company identification number L18306901O, The Ministry of Economy, Trade and Energy (METE), the Government of Albania, and their respective ministers, directors, partners, officers, employees, consultants and advisers, and sub-contractors (the “**Relevant Persons**”) do not make any representation or warranty as to the truth or accuracy, completeness, currency or reliability of any Data, regardless of whether it is contained in the Electronic Data Room or otherwise, including all written or oral information made available to the Bidder or its advisers during the Due Diligence Process, and responses to requests for information and questions raised by any Bidders.

The Relevant Persons do not accept:

- (a) any responsibility arising in any way for any errors in or omissions from any information or for any lack of accuracy, completeness, currency or reliability of any Data; or
- (b) any liability for any loss or damage suffered or incurred by the recipient or any other person as a result of or arising out of that person placing any reliance on the Data or its accuracy, completeness, currency or reliability.

By accepting the opportunity to conduct Due Diligence Processes and access the Data, the Bidder agrees that:

- (c) it will conduct its own investigation and analysis regarding any information, statements or representations contained in the Data and will rely on its own enquiries and seek appropriate professional advice in deciding whether to further investigate any information related to the Project;
- (d) it does not rely on any representation or warranty (express or implied) by a Relevant Person as to the accuracy, completeness, currency or reliability of the Data; and
- (e) no refund of the Due Diligence Fee shall be requested by Bidder and/or accepted by Relevant Persons in case of bidder’s withdrawal from the Due Diligence and/or Bidding Process, the Bidder is disqualified in any way from the Bidding Process, its Bid is rejected and/or in any other case where METE and/or GoA decide to terminate the Due diligence Process and/or the Bidding Process.

The provisions of this Annex 3 are without prejudice and in addition to the provisions of the Confidentiality Agreement.

[**THE BIDDER**], represented by [●], in the capacity of [●] hereby agrees to this Disclaimer Statement.

Place [●], Date [●]

ANNEX 4: CONFIDENTIALITY AGREEMENT

THIS CONFIDENTIAL DISCLOSURE AGREEMENT (the “Agreement”) is made this [●] day of [●] 20[●] (the “**Effective Date**”) by and between [●] (the “Bidder or Receiving Party”) represented by [●], in the capacity of [●] and the Ministry of Economy, Trade and Energy, represented by the Minister, of Albania acting on behalf of the Republic of Albania (“METE” or “Disclosing Party”) who shall also be jointly referred to also as the “Parties”;

WHEREAS: The Government of Albania (GoA), through the Ministry of Economy, Trade and Energy (“METE” or the “Seller”) of the Republic of Albania wishes to privatize the 100% of the capital of the joint stock company “HEC ULËZ SHKOPET” Sh.a (the “**Target Company**”), having its registered office, at Dibër Burrel, Ulëz, Burrel, Albania, registered at the Albanian commercial registry with unique company identification number L183069010, (the “**Project**”);

WHEREAS: Bidder has been invited by METE to participate in the Bidding Process for the privatization of the Target Company, and with such regard shall be entitled to participate in the Due Diligence Process under the terms and conditions of the Tender Procedures approved by GoA and Instructions to Bidders issued by METE;

WHEREAS: Bidder may access during the Due Diligence Process certain information related to the Target Company and its business, which may be confidential and/or privileged;

NOW THEREFORE, in consideration of the above recitals, the Parties agree on the following:

1. Definitions. For the purpose of this Agreement, and unless differently provided, the following terms shall have the meanings specified herein.
 - (a) “**Confidential Information**” means any and all Data that was disclosed to the Receiving Party directly or indirectly by or on behalf of Disclosing Party in connection with the Project, unless such Data is proved to: (i) have been in the Receiving Party's possession before its receipt from the Disclosing Party and obtained from a source other than the Disclosing Party, without breaching any confidentiality obligation; (ii) is or becomes a matter of public knowledge through no fault of the Receiving Party; (iii) is rightfully received by the Receiving Party from a Third Party without a duty of confidentiality; (iv) is independently developed by the Receiving Party;
 - (b) “**Data**” shall mean any data, information or documents, in oral, written, graphic, photographic, recorded or other form and other information relating to the Project, including any of such Data received, discussed and/or disclosed during Site Visits, meetings with officials and advisors of Disclosing Party and/or through access to the Electronic Data Room;
 - (c) “**Confidentiality Period**” means, with respect to Confidential Information, the time until the expiry of the second anniversary after the Effective Date of this Agreement;
 - (d) “**Disclosing Party**” means the party disclosing the relevant Confidential Information, being METE acting on behalf of the Republic of Albania, through

METE, its subsidiaries, the Target Company, their respective personnel, lawyers, accountants and other professional advisers and representatives as applicable;

- (e) **“Receiving Party”** means recipient of the relevant Confidential Information, being the Bidder acting either through its appointed personnel, lawyers, accountants and other professional advisers and representatives of the above, as applicable. The above persons acting on Bidder’s behalf shall be deemed as included in the provisions of paragraph 2.2 of this Agreement;
 - (f) **“Third Party”** means a party other than the Disclosing Party and the Receiving Party.
2. Confidentiality Obligation. Starting from the Effective Date, the Receiving Party irrevocably commits and agrees to: (i) use the Confidential Information exclusively for the purpose of the participation in the Bidding Process, and, unless the Project is awarded to Bidder, destroy any copies or documents containing any Confidential Information upon first written request of Disclosing Party and/or in all other cases where the destruction of documents and copies is required by the Due Diligence Memorandum; (ii) protect the Confidential Information of the Disclosing Party by using the same degree of care, but no less than a reasonable degree of care, to prevent the unauthorized use, dissemination, or publication of the Confidential Information as Receiving Party uses to protect its own confidential information of a like nature; and (iii) not to disclose such Confidential Information to any Third Party, except as expressly permitted under this Agreement.
 3. Permitted Disclosures. The Receiving Party may disclose the Confidential Information to Third Parties only with the express prior written consent of the METE (the **“Permitted Third Party”**), provided however that the Receiving Party shall inform the Permitted Third Party of the confidential nature of the Confidential Information, and shall require such Permitted Third Party to be bound to the terms of this Agreement to the same extent as if such Permitted Third Party were a party hereto, and that the Receiving Party shall be responsible for any breach of the Confidentiality Obligation under this Agreement by Permitted Third Parties;
 4. Compelled Disclosure. Notwithstanding the above provisions, the Receiving Party shall not be liable for breach of the Confidentiality Obligations under this Agreement if Receiving Party is compelled under a specific legal obligation to disclose any Confidential Information: (i) based on a subpoena or other similar court proceedings; (ii) at the express direction of any authorized government agency having jurisdiction over Receiving Party, provided however that the Receiving Party shall (iii) inform in writing the Disclosing Party on such obligation to disclose Confidential Information, together with reasonable reference to the compelling legal requirement as soon as such obligation comes to the attention of the Receiving Party but in any event prior to the disclosure, and (iv) disclose to the requesting authority only that part of the Confidential Information which is compulsory under the law.
 5. Disclosure Record. Receiving Party shall keep record of the Confidential Information that has been disclosed by Receiving Party, and provide copy of such record to Disclosing Party upon its written request.

6. Validity. This Agreement shall be valid and binding for the whole Confidentiality Period.
7. Termination. This Agreement shall be terminated upon occurrence of the earlier of: (i) the Project is awarded to Receiving Party; (ii) the termination is agreed in writing between the disclosing Party and the Receiving Party; (iii) the Confidentiality Period expires.
8. Liability. Disclosing Party and Receiving Party acknowledge that any violation of this Agreement in respect of any Confidential Information will cause the Disclosing Party immediate and irreparable harm, which shall be fully and without any limitation or delay be compensated by Receiving Party.
9. Waiver of Warranties. Receiving Party acknowledges and agrees that all Confidential Information is provided on an "as it is, where it is" basis and that Disclosing Party, its personnel, lawyers, accountants and other professional advisers and representatives as applicable have not made and will not make any warranty whatsoever, express, implied or statutory, including, without limitation, any implied warranties of merchantability, fitness for a particular purpose, title, enforceability or non-infringement as to the accuracy or completeness of the Confidential Information. Receiving Party also acknowledges that the METE acting on behalf of the Republic of Albania, and relevant personnel, lawyers, accountants and other professional advisers and representatives as applicable shall not have any liability to Receiving Party and/or any Permitted Third Parties, and their personnel, lawyers, accountants and other professional advisers and representatives as applicable, resulting from the use of the Confidential Information or any other document or information disclosed according to this Agreement.
10. Entire Agreement. This Agreement, constitutes the entire agreement between the parties with respect to the subject matter hereof and shall supersede all prior written and oral and all contemporaneous oral agreements and understandings with respect to the subject matter hereof, except however the Due Diligence Memorandum and the annexes thereto.
11. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the Republic of Albania.
12. Assignees and Successors. Receiving Party may not, directly or indirectly, in whole or in part, whether by operation of law or otherwise, assign or transfer this Agreement, without the express prior written consent of the Disclosing Party. This Agreement shall be binding upon and shall inure to the benefit of and be enforceable by the parties hereto and their respective heirs, representatives, successors and assigns.
13. Severability. If any term or other provision of this Agreement is determined to be invalid, illegal or incapable of being enforced by any rule of law, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to either party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

14. Amendments. This Agreement may not be amended, modified, or cancelled other than by a written instrument signed by the parties hereto. This Agreement may be executed in counterparts, each of which shall be considered an original document but all of which shall be considered as one and the same original document. The parties agree that the signature of a party hereto delivered by facsimile shall be valid and binding with the same effect as if it were an original signature, provided that an original copy follows.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective duly authorized representatives as of the date first written above.

THE BIDDER, represented by [●], in the capacity of [●]

_____ Place [●], Date [●]

THE MINISTRY OF ECONOMY, TRADE AND ENERGY
OF THE REPUBLIC OF ALBANIA, represented by the Minister:

_____ Place: Tirana, Albania,
Date [●]

Estimated Time Table HEC Ulëz Shkopet Sha

Action	Estimated Kick – Off Date	Latest Deadline
Publication of the Tender Announcement and request for expressions of interest	17 March 2012	--
Acceptance of Expressions of Interest	17 March 2012	06 June 2012
Invitations for Bids	17 March 2012	08 June 2012
Execution of Confidentiality Agreement with companies that express Interest	17 March 2012	23 June 2012
Issuance of the Bidding Documents to companies that have expressed interest	17 March 2012	24 June 2012
Due Diligence by Interested Investors	17 March 2012	02 July 2012
Site Visits (first come first serve basis)	02 April 2012	02 July 2012
Pre – Bid Conference	03 May 2012	03 May 2012
Q&A - Clarification on Bidding Documents	02 April 2012	18 May 2012
Issuance of Final Bidding Documents	04 June 2012	04 June 2012
Bids Submission Deadline	09 July 2012	09 July 2012
Bid Opening and Evaluation	11 July 2012	13 July 2012
Issuance of the Evaluation Reports		18 July 2012
Approval by the Council of Ministers of the Winning Bidder		27 July 2012
Issuance by METE of the winning bidder notification		30 July 2012
Finalization of the Share Purchase Agreement with the Winning Bidder		29 August 2012
Signing of the Share Purchase Agreement		29 August 2012

NOTICE TO INTERESTED INVESTORS - PRIVATIZATION OF HEC ULËZ SHKOPET SH.A

Investors that are interested to participate in the tender procedures for the privatization of HEC ULËZ SHKOPET SH.A should note that METE shall immediately start to review expressions of interests as they are received, and shall send invitations to participate to the tender, on an ongoing basis.

Investors shall be allowed to start their due diligence immediately after they receive METE's invitation to participate to the tender procedures.

As the Bid Submission Deadline is expected shortly after the June 6th 2012, investors should consider the necessary time they need for conducting their due diligence, and submit their expression of interest accordingly.

Investors are kindly requested to review the Estimated Time Table of the Project published at METE's website.

NOTICE TO INTERESTED INVESTORS - PRIVATIZATION OF HEC BISTRICA 1 AND BISTRICA 2 SH.A

Investors that are interested to participate in the tender procedures for the privatization of HEC BISTRICA 1 AND BISTRICA 2 SH.A should note that METE shall immediately start to review expressions of interests as they are received, and shall send invitations to participate to the tender, on an ongoing basis.

Investors shall be allowed to start their due diligence immediately after they receive METE's invitation to participate to the tender procedures.

As the Bid Submission Deadline is expected shortly after the June 4th 2012, investors should consider the necessary time they need for conducting their due diligence, and submit their expression of interest accordingly.

Investors are kindly requested to review the Estimated Time Table of the Project published at METE's website.

TENDER PROCEDURES AND CRITERIA

**FOR THE SELECTION OF THE STRATEGIC INVESTORS
FOR THE PRIVATIZATION OF THE PACKAGE OF STATE OWNED
SHARES CONTITUTING 100% OF THE SHARE CAPITAL OF
“HEC ULËZ SHKOPET” SH.A**

2012

TABLE OF CONTENTS

TABLE OF CONTENTS	2
INDEX OF DEFINED TERMS AND ABBREVIATIONS	4
1. INTRODUCTION.....	5
2. PUBLIC ANOUNCEMENT.....	6
3. General Rules of the Bidding Process.....	7
3.1 Applicable law.....	7
3.2 International Tender	7
3.3 Language	7
3.4 Acceptance of the terms and conditions of the Bidding Process	7
3.5 Definitions.....	7
3.6 Costs.....	9
4. BIDDERS.....	9
4.1 Invited Bidders	9
4.2 Restrictions.....	11
5. BIDDING DOCUMENTS	12
5.1 Content of Bidding Documents.....	12
5.2 Clarification of Bidding Documents	13
5.3 Amendment of Instructions to Bidders (including Annexes thereto)	14
5.4 Information Provided by the Authorities/Bidders Due Diligence.....	14
5.5 Timing	15
6. BIDS: PREPARATION	15
6.1 Preparation of Bids.....	15
6.1.1 Documents Comprising the Bid	15
6.1.2 Technical Bid	16
6.1.3 Financial Bid	16
6.1.4 Bid Application Form.....	16
6.1.5 Power of Attorney	16
6.1.6 Minimal Technical Conditions.....	17
6.1.7 Minimal Employment Requirements	17
6.1.8 Conflict of Interest Statement	17
6.1.9 Commissions and Gratuities.....	18
6.1.10 Financial Bid	18
6.1.11 Bid Security.....	18
6.1.12 Payment of a Success Fee by the Winning Bidder.....	19
6.2 Validity of Bids	19
6.2.1 Bid Validity Period.....	19
6.2.2 Extensions	20
6.3 Format and Signing of Bids	20
7. BIDS: SUBMISSION	20
7.1 Sealing and Marking of Bids.....	20
7.1.1 Inner Envelopes.....	20
7.1.2 Originals and Copies	21
7.1.3 Outer Envelopes	21
7.1.4 Bidder Identification	21
7.1.5 Non-responsive Bids	22
7.2 Deadline for Submission of Bids	22
7.2.1 Bids Submission Deadline	22

7.2.2	Extensions	22
7.3	Late Bids	22
7.4	Modification and Withdrawal of Bids.....	22
8.	BIDS: OPENING AND EVALUATION	23
8.1	Opening the Outer Envelopes	23
8.2	Opening Results Registration.....	24
8.3	Opening and Evaluation of the Inner Envelopes.....	24
8.4	Technical Bids.....	24
8.4.1	Compliance Review	24
8.4.2	Evaluation Criteria	25
8.4.3	Qualified Bids	25
8.5	Financial Bids.....	25
8.5.1	Opening and Formal Compliance	25
8.5.2	Purchase Price	25
8.5.3	Return of Documents	26
9.	Further Procedures	26
9.1	Invalidity and failure of the Bidding Process.....	26
9.1.1	Invalid Bids	26
9.1.2	Unsuccessful Bidding Process	26
9.2	Evaluation Report and Notification to Bidders	27
9.3	Approval / Rejection by the Council of Ministers	27
9.4	Termination of the Bidding Process.....	28
9.5	Finalization Sessions	28
9.5.1	Notification to the Winning Bidder.....	28
9.6	Contacting METE or the Authorities	28
9.6.1	Finalization of the SPA	29
9.7	Bid Return and Forfeiture	29
9.8	Confidentiality.....	30
9.9	Effective Date of the SPA	30

INDEX OF DEFINED TERMS AND ABBREVIATIONS

Authorities	12, 25
Bid	10, 25
Bid Costs	8, 25
Bid Security	15, 25
Bid Validity Period	16, 25
Bidders	8, 25
Bidding Process	7, 25
Bids Submission Deadline	18, 25
Consortium	9, 25
Estimated Timetable	12, 25
Evaluation Report	22, 25
Financial Bid	13, 25
GoA	6, 25
Instructions to Bidders	7, 25
Leader	9, 25
METE	6, 25
Project	6, 25
Purchase Price	15, 25
Response to Questions Document	11, 25
Seller	6, 25
Share Package	6, 25
Share Purchase Agreement	7, 25
Target Company	6, 25
Technical Bid	13, 25
Tender Procedures	6, 25
Winning Bidder	23, 26
Withdrawal Notice	18, 26

TENDER PROCEDURES AND CRITERIA

FOR THE SELECTION OF STRATEGIC INVESTORS FOR THE PRIVATIZATION OF 100% OF THE SHARE CAPITAL OF “HEC ULËZ SHKOPET” SH.A

These tender procedures and criteria "**Tender Procedures** have been prepared pursuant to Article 3 and 8 of Law No. 8306 dated 14/03/1998 “On the Privatization of strategy of special importance sectors”, Law no.10430, dated 9.6.2011 “On the creation of the companies HEC ULËZ SHKOPET Sh.a, HEC TIRANË, LANABREGAS SHA and HEC BISTRICA 1 BISTRICA 2 Sh.a, and the definition of the form and structure and for the privatization formula of the companies HEC ULËZ SHKOPET Sh.a and HEC BISTRICA 1 BISTRICA 2 Sh.a” and the Decision Council of Ministers No. 329, dated 12/7/1999 “On the tender procedures for the selection of strategic investors and on the transfer of shares owned by the state to private companies in sectors of special importance” as amended.

1. INTRODUCTION

The Government of Albania "**GoA** has undertaken several initiatives in the energy sector, including the process of liberalization and privatization of the energy market, deriving from the adherence in the Treaty establishing the Energy Community signed on 25 October 2005 in Athens.

The main measures taken by the GoA, on the side of the liberalization of the energy market, between others, are:

- the unbundling from KESH of the Transmission System Operator (TSO);
- the unbundling from KESH of the Distribution System Operator (DSO);
- the introduction of new liberalized rules for the energy market, by approving the new Power Market Model (Decision of the Council of Ministers No. 338, dated 19 March 2008 On the approval of the Power Market Model”) and new Power Market Rules (Energy Regulator (ERE) Decision No. 68 dated 23 June 2008);
- the privatization of the Distribution System Operator (DSO), unbundled from KESH;

The GoA plans to further develop its already initiated strategy, by attracting further foreign investments in the Albanian energy sector, and specifically in hydropower generation projects.

The GoA, through the Ministry of Economy, Trade and Energy "METE of the Republic of Albania or the "Seller" wishes to privatize 100% of the share capital of the joint stock company "HEC ULËZ SHKOPET" Sh.a the "Target Company", having its registered office in: Mat, Albania, registered at the Albanian commercial registry;

The Target Company is engaged in the business of hydro generation and sale of electrical power. The privatization of the Target Company shall be realized by the sale of one hundred (100%) of the share capital of the Target Company held by METE, the "Share Package" to the strategic investors, selected pursuant to these Tender Procedures "Project".

In order to attract the optimal strategic investors to operate and develop the Target Company, GoA has decided to initiate open international tender procedures, the "Bidding Process" for the execution and completion of a share purchase agreement, the "Share Purchase Agreement" to be entered into by and between METE and the strategic investor selected pursuant to these Tender Procedures.

METE and/or GoA as the case may be, reserve the right at any time to revise or cancel the Bidding Process for the Target Company or to reject any recommendation of the Bid Evaluation Commission or not to enter into an agreement with a Bidder, at no cost to and with no liability on the part of METE and the GoA and any of its ministries, the Bid Evaluation Commission, or any of their representatives, to the Bidders or any of them or any member thereof or any other person, and whether in respect of loss suffered, damage or any costs incurred or otherwise, or revise the Tender Procedures and/or these Instructions to Bidders.

During the Bid Validity Period, until execution and closing of the Share Purchase Agreement no Bidder shall have any rights with respect to the Target Company, whether as a result of their submission of a Bid and/or participation in the Bidding Process or otherwise and neither METE nor GoA is under any obligation to enter into a Share Purchase Agreement.

2. PUBLIC ANOUNCEMENT

METE shall publish an announcement for the launching of the Bidding Process in at least three newspapers having international distribution. The timetable for the start of the publication shall be approved by METE together with the "Instructions to Bidders". The publication of the announcement for the launching of the Bidding Process shall be made pursuant to the other requirements of Decision Council of Ministers No. 329, dated 12/7/1999 "On

the tender procedures for the selection of strategic investors and on the transfer of shares owned by the state to private companies in sectors of special importance” as amended.

3. GENERAL RULES OF THE BIDDING PROCESS

3.1 Applicable law

The Bidding Process will be conducted in accordance with the Tender Procedures contained in this document, and by Instructions to Bidders (including annexes thereto) approved by the Minister of Economy, Trade and Energy.

3.2 International Tender

The Bidding Process is an international open tender process with one phase, which shall be published in at least three international newspapers. The process of the identification and acceptance of strategic investors shall be made pursuant to the Instructions to Bidders (including annexes thereto) approved by the Minister of Economy, Trade and Energy.

3.3 Language

The language of the Bidding Process shall be the English and Albanian language. The technical and financial proposals, submitted by the Bidders, as well as all correspondence and documents related to the Bid shall be submitted in English, together with a notarized translation, with the exception that any pre-printed information furnished by the Bidder may be written in another language, provided that its relevant parts are accompanied by a translation in English language, certified in the country of origin of the Bidder.

3.4 Acceptance of the terms and conditions of the Bidding Process

The submission of a Bid by a Bidder entails full knowledge and acceptance of, and submission to, all terms and conditions set out in these Tender Procedures and in the Instructions to Bidders (including annexes thereto), and to all liabilities in case it is declared the Winning Bidder (as defined in Section 9.5.1).

3.5 Definitions

Whenever used in these Tender Procedures, unless the context otherwise requires, terms defined here below. If a term is not defined in these Tender Procedures, the meaning as ascribed to that term in the Instruction to Bidders

(including its Annexes thereto), which shall be approved by METE. In case of conflict between the terms defined in these Tender Procedures and the same term defined differently in the Instruction to Bidders (including its Annexes thereto), unless the context otherwise requires, terms used in these Tender Procedures shall prevail and be applicable also to the Instruction to Bidders (including its Annexes thereto).

The Defined Terms are:

"Authorities" shall have the meaning as defined in Section 5.4;

"Bid" shall have the meaning as defined in Section 4.1;

"Bid Costs" shall have the meaning as defined in Section 3.6;

"Bid Validity Period" shall have the meaning as defined in Section 6.2.1;

"Bid Security" shall have the meaning as defined in Section 6.1.11;

"Bidders" shall have the meaning as defined in Section 4.1;

"Bidding Process" shall have the meaning as defined in Section 1;

"Bids Submission Deadline" shall have the meaning as defined in Section 7.2.1;

"Consortium" shall have the meaning as defined in Section 4.1;

"Evaluation Report" shall have the meaning as defined in Section 9.2;

"Estimated Timetable" shall have the meaning as defined in Section 5.5;

"Financial Bid " shall have the meaning as defined in Section 6.1.3;

"GoA" shall have the meaning as defined in Section 1;

"Instructions to Bidders" shall have the meaning as defined in Section 2;

"Leader" shall have the meaning as defined in Section 4.1;

"METE or "Seller" shall have the meaning as defined in Section 1;

"Project" shall have the meaning as defined in Section 1;

"Purchase Price" shall have the meaning as defined in Section 6.1.10;

"Response to Questions Document" shall have the meaning as defined in Section 5.2;

"Share Package" shall have the meaning as defined in Section 1;

"Share Purchase Agreement" shall have the meaning as defined in Section 1;

"Target Company" shall have the meaning as defined in Section 1;

"Technical Bid" shall have the meaning as defined in Section 6.1.2;

"Tender Procedures" these Tender Procedures for the privatization of the Share Package of the Target Company;

"Winning Bidder" shall have the meaning as defined in Section 9.5.1;

"Withdrawal Notice" shall have the meaning as defined in Section 7.4;

3.6 Costs

The Bidders shall bear all costs associated with the conduct of their due diligence and preparation and submission of its Bid, and the Bidder's participation in the Bidding Process, the **"Bid Costs"** including, without limitation, all costs and expenses related to the Bidder's involvement in:

- the gathering of all other information, including the due diligence of the Bidder;
- interviews;
- preparation of responses to questions or requests for clarification from METE;
- preparation of Bidders' questions during the clarification process; and
- Share Purchase Agreement discussions.

METE shall not be responsible or liable to pay any Bid Costs of any Bidder, regardless of the conduct or outcome of the Bidding Process.

4. BIDDERS

4.1 Invited Bidders

The participation in the Bidding Process is open to all interested investors who are strategic investors as defined herein, and have validly expressed their interest to participate in the Bidding Process pursuant to the terms and conditions of these Tender Procedures and of the Instructions to Bidders (including annexes thereto), the "**Bidders**".

METE shall reserve the right to send Invitations for Bids only to interested investors that upon expressing their interest to participate in the Bidding Process, have shown to meet the following qualification criteria:

1. be incorporated (pursuant to the law governing its incorporation) as a legal entity, having separate legal personality from its members/shareholders;
2. to be solvent, not to have been declared bankrupt or undergoing liquidation procedures.
3. to possess human resources as well as technical, professional and organizational experience in operating hydropower plants – a bidder owning/operating one or more hydropower plants, with an individual, or combined installed power capacity of at least 15 MW is deemed to meet this criteria;
4. to possess financial resources for operating hydropower plants - a bidder is deemed to meet this criteria if its equity, resulting from its financial accounts of the last business year is at least equal to Eur 25 Million (or equivalent in other currencies);
5. to be reputable regional and/or international energy market operator;

The form and content of documents for attesting the above criteria shall be approved by METE together with the Instructions to Bidders. The evaluation of the above criteria and issuance of the Invitation to Bid shall be in the sole discretion of METE.

An expression of interest to participate in the Bidding Process may be submitted also as a Consortium between more interested investors, provided however that a copy of the executed Consortium Agreement is submitted to METE together with the relevant documentation (as required by the Instruction to Bidders) attesting the above criteria with respect to all members of the Consortium.

For the purpose of these Tender Procedures, the "**Consortium**" is defined as a joint venture, consortium or other similar type of temporary partnership agreement, notwithstanding the title or relevant legal treatment of such partnership under the applicable law of their country of origin, having as its object the joint participation in the Bidding Process and the joint submission of a

Bid for the Target Company. The members of the Consortium shall not be allowed to amend the terms and conditions of the Consortium Agreement during the Bidding Proceeds, and thereafter, pursuant to the Share Purchase Agreement, without the prior written consent of METE, which shall be discretionary.

The Consortium agreement should indicate the member who shall be the "**Leader**" of the Consortium, who shall have the majority stake in the Consortium, and shall be addressed by METE for all purposes during the Bidding Process. Notices of METE to Leader, and replies of Leader shall be binding for the Consortium.

Any amendment of the terms of the Consortium Agreement during the Bidding Proceedings, without METE's prior written consent shall result in the disqualification of the Consortium and its members.

If the expression of interest to participate in the Bidding Process is submitted as a Consortium, each member of the Consortium should meet at least the criteria set forth in items 1 and 2 above in this Section 4.1, provided however that the Consortium as a whole, meets all criteria from 1 to 5 above in this Section 4.1.

Bidders who are invited by METE to participate individually in the Bidding Process are also allowed to submit a Bid as a Consortium, provided however that prior to the Bid Submission Deadline, the already invited Bidder, who shall be the Leader of the Consortium, submits to METE a written notice on the establishment of the Consortium, together with a written copy of the Consortium Agreement and the relevant documentation (as required by the Instruction to Bidders) attesting that the other members of the Consortium also meet, at least the criteria set forth in items 1 and 2 above in this Section 4.1. METE shall formally invite the Consortium, provided that all the above conditions for Consortia are met, and upon issuance of the new invitation for the Consortium, the prior invitation issued by METE to the individual Bidder shall be deemed null and void, without prejudice to validity of other prior actions, documents and correspondence related to the Bidding Process with already invited individual Bidder. Consortia between already invited Bidders shall not be allowed.

Only Bidders meeting the above criteria, who are invited by METE to participate in the Bidding Process, individually, or as a Consortium, are allowed to submit one "**Bid**" pursuant to Sections 6 and 7.

4.2 Restrictions

Each interested investor shall participate in the Bidding Process as one Bidder only (or member of one Consortium only) and each Bidder (or Consortium thereof) may submit only one Bid (as further explained in Section 6 and 7). An interested investor shall be considered as already participating in the Bidding Process when:

- a) it has been invited by METE to be a Bidder; or
- b) it is already member of a Consortium invited by METE by METE to be a Bidder;

5. BIDDING DOCUMENTS

5.1 Content of Bidding Documents

The Bidding Documents include the following:

1. Law No. 8306 dated 14/03/1998 “On the Privatization of Strategic Sectors”;
2. Law no.10 430, dated 9.6.2011 On the creation of the companies “HEC ULËZ SHKOPET” Sh.a, “HEC TIRANË, LANABREGAS” SHA and “HEC BISTRICA 1 BISTRICA 2” Sh.a, and the Definition of the Form and Structure and formula for the Privatization Formula of the Companies “HEC ULËZ SHKOPET” Sh.a and “HEC BISTRICA 1 BISTRICA 2” Sh.a”;
3. The Decision of the Council of Ministers Decision approving these Tender Procedures;
4. Instructions to Bidders (including annexes thereto) approved by Order of the Ministry of Economy, Trade and Energy;
5. The Information Memorandum (CV) of the company;
6. Registration abstract of “HEC ULËZ SHKOPET” Sh.a with the Albanian commercial registry;
7. Articles of Association of “HEC ULËZ SHKOPET” Sh.a;
8. Balance sheet and audit report of “HEC ULËZ SHKOPET” Sh.a as of end of 2011;

Each Bidder shall examine under its sole responsibility all instructions, terms and conditions, forms, specifications and other information contained in these Tender Procedures and the Instructions to Bidders (including annexes thereto). If the Bidder:

- a) fails to provide all documentation and information required by the these Tender Procedures and the Instructions to Bidders (including annexes thereto); or

- b) submits a Bid which does not substantially comply with the terms and conditions of these Tender Procedures and the Instructions to Bidders (including annexes thereto);

than such action is at the Bidder's risk and the Bid Evaluation Commission may declare the Bid as non-responsive to these Tender Procedures and the Instructions to Bidders (including annexes thereto), and therefore reject it.

A copy of the full set of Bidding Documents shall be issued to each Bidder (as defined in Section 4) who has signed a Confidentiality Agreement and has paid the Due Diligence Fee provided in the Instructions to Bidders approved by METE. Bidders who fail to sign the Confidentiality Agreement and pay the Due Diligence Fee shall not receive documents and information, as further detailed in the Instructions to Bidders (including annexes thereto), contain confidential information on the Target Company.

5.2 Clarification of Bidding Documents

A Bidder requiring any clarification or modification of the Instructions to Bidders (including annexes thereto) may notify METE by e-mail at the address indicated in the Instructions to Bidders with a copy to the IFC Project Team albaniahpps@ifc.org. Similarly, if a Bidder feels that any important provision in the Instructions to Bidders (including annexes thereto) is unacceptable, such an issue may be raised at any time before the Bid Submission Deadline, as specified in the Estimated Timetable (defined below in Section 5.5) without prejudice to METE's discretionary right to accept or not such request for change.

Any request for clarification or modification of the Instructions to Bidders (including annexes thereto) must be received (in the manner specified in this Section 5.2) no later than the date set out in the Estimated Timetable. Electronic copies of the response (if any), including an explanation of the query but not identification of its source, "**Response to Questions Document**", will be sent by METE (or any person duly authorized by METE) to all Bidders. If similar or repeated queries are made by Bidders, those queries may be listed as one query and METE may respond to such query only once. No Response to Questions Document and/or information given whether orally or in writing shall be binding on any party. Only the Share Purchase Agreement and its appendices, when duly executed, shall have legal force and be binding on the parties.

There will be (1) one round of comments in order for the Bidders to be able to present and discuss with METE their written comments on the Instructions to Bidders including the Share Purchase Agreement.

5.3 Amendment of Instructions to Bidders (including Annexes thereto)

At any time prior to the Bids Submission Deadline (as defined in Section 7.2), METE may, for any reason, whether at its own initiative, or in response to a clarification requested by a Bidder, amend the Instructions to Bidders (including annexes thereto). No other communications of any kind whatsoever, including, without limitation, the Response to Questions Document, shall modify the Instructions to Bidders (including annexes thereto).

The amendment shall be notified in writing to all Bidders and the amended documents will be deemed to be the applicable documentation for purposes of the Bidding Process.

In order to offer Bidders reasonable time in which to take the amendment into account in preparing their Bids, METE may, at its discretion, extend the Bids Submission Deadline (as clarified in Section 7.2), in which case, METE will notify all Bidders in writing of the extended deadline.

5.4 Information Provided by the Authorities/Bidders Due Diligence

Each Bidder is solely responsible for conducting its own independent research, due diligence, and any other work or investigations and for seeking any other independent advice necessary, at its own cost, for the preparation of its Bid and the negotiation and finalization of the Share Purchase Agreement.

No representation or warranty, express or implied, is made and no responsibility of any kind is accepted by METE and its personnel and agents, the "**Authorities**" or their advisors, employees, consultants or agents, for the completeness or accuracy of any information contained in the Bidding Documents or the Response to Questions Document, or provided during the Bidding Process or the negotiations of the Share Purchase Agreement. The Authorities and their advisors, employees, consultants and agents shall not be liable to any person or entity as a result of the use of any information contained in the Bidding Documents or the Response to Questions Document, or provided during the Bidding Process or during the negotiations and finalization of the Share Purchase Agreement.

Bidders shall not rely on any oral statements made by the Authorities or their advisors, employees, consultants or agents.

All Bidders shall, prior to submitting their Bid, review all requirements with respect to corporate registration and all other requirements that apply to

companies that wish to conduct business in Albania. The Bidders are solely responsible for all matters relating to their legal capacity to operate in the jurisdiction to which this Bidding Process applies.

Any information provided by the Authorities in the course of the due diligence, shall be subject to the Confidentiality Agreement signed by all Bidders.

5.5 Timing

In these Tender Procedures an official business day, unless otherwise provided in the tender documents, shall be any day of the week, excluding Sundays and Saturdays, and public holidays in the Republic of Albania.

An estimated timetable for the Bidding Process is incorporated in the Instructions to Bidders, "**Estimated Timetable**".

METE may, in its sole discretion and without prior notice to the Bidders, amend the Estimated Timetable, and notify such change to all Bidders.

Bidders shall not rely in any way whatsoever on the Estimated Timetable and METE shall not incur any liability whatsoever arising out of amendments to the Estimated Timetable.

6. BIDS: PREPARATION

6.1 Preparation of Bids

6.1.1 Documents Comprising the Bid

When submitting the Bid in accordance with Section 7, each Bidder as defined in Section 4, may, without being obliged to, submit one Bid, in relation to "HEC ULËZ SHKOPET" Sh.a.

Any false data shall constitute a legal ground for disqualification of the Bidder (or Consortium thereof) and any finding that the Bidder has provided false material information or withheld material information in its Bid will constitute grounds for termination of the Share Purchase Agreement.

The Bidders should use only the standard documents of the Bidding Process, without making any modifications to the terms thereof. No mark-up of the approved templates comprising the Technical and Financial Bids shall be allowed. No conditions Bids shall be allowed.

Each Bid submitted as above, shall be composed of the following:

6.1.2 Technical Bid

The technical proposal, comprising the following documents, collectively, the "**Technical Bid**":

- a) Bid Application Form required by Section 6.1.4;
- b) Final draft of the Share Purchase Agreement, with each page initialed by the Bidder;
- c) Power of Attorney in the form and content, required by Section 6.1.5;
- d) Confirmation of Minimal Technical Conditions, required by 6.1.6;
- e) Confirmation of Minimal Employment Requirements, required by Section 6.1.7;
- f) Conflict of Interest statement required by Section 6.1.8;
- g) Declarations of Commissions and Gratuities required by Section 6.1.9;

6.1.3 Financial Bid

The financial proposal comprising the following documents, collectively, the "**Financial Bid** ":

- a) the Financial Bid Form, required under Section 6.1.10 below;
- b) Bid Security, in the form and content required by Section 6.1.11;

6.1.4 Bid Application Form

The form and content of the Bid Application Form shall be approved by METE together with the Instructions to Bidders.

6.1.5 Power of Attorney

In the Technical Bid, each Bidder (or if the Bidder is a Consortium, each member of the Consortium) shall provide a written power of attorney indicating that the person(s) signing the Bid has(ve) the authority to sign the Bid and thus that the Bid is binding upon the Bidder (or the Consortium thereof) during the full Bid Validity Period.

The form and content of the Power of Attorney shall be approved by METE together with the Instructions to Bidders.

6.1.6 Minimal Technical Conditions

In the Technical Bid, each Bidder shall confirm the commitment to meet the minimal technical performance conditions for the Target Company, if any, which shall be determined by METE upon approval of the Instructions to Bidders.

The Minimal Technical Conditions shall include the compliance with IFC's general Environmental, Health and Safety Guidelines and relevant sector specific IFC guidelines, or equivalent recognized international good practices accepted by IFC, accessible on the webpage: <http://www.ifc.org/ifcext/sustainability.nsf/Content/EHSGuidelines>.

The details of the minimal technical performance conditions for operation of the Target Company, together with the relevant confirmation statements shall be made available by METE together with the Instructions to Bidders.

6.1.7 Minimal Employment Requirements

In the Technical Bid, each Bidder shall confirm the commitment to meet the minimal employee collective dismissal requirements approved by the Government of Albania for the Target Company.

The Minimal Employment Requirements shall include the compliance with IFC's Performance Standard 2 "Labor and Working Conditions", accessible on the webpage: http://www.ifc.org/ifcext/sustainability.nsf/Content/Publications_GPN_Retrenchment

The Minimal Employment Requirements for the Target Company, together with the relevant confirmation statements shall be made available by METE together with the Instructions to Bidders.

6.1.8 Conflict of Interest Statement

In the Technical Bid, each Bidder (or if the Bidder is a Consortium, each member of the Consortium) shall provide a written conflict of interest statement, regarding any existing, potential, possible or future conflict of interest that the Bidder (or each member of a Consortium) may have with the Bidding Process.

The form and content of the Conflict of Interest Statement shall be approved by METE together with the Instructions to Bidders.

6.1.9 Commissions and Gratuities

In the Technical Bid, each Bidder (or if the Bidder is a Consortium, each member of the Consortium) shall provide detailed information listing all commissions and gratuities, if any, paid or to be paid by the Bidder to agents and/or intermediaries relating to the Bid or the Share Purchase Agreement. The Bidder shall list the name and address of any agents and/or intermediaries, the amount and currency paid or to be paid to the agents and/or intermediaries and the purpose of the commission or gratuity. If no such commissions and gratuities have been paid, the Bidder shall provide this information in its Technical Bid.

The form and content of the commissions and gratuities statement to be submitted by Bidders shall be approved by METE together with the Instructions to Bidders.

6.1.10 Financial Bid

The Financial Bid shall contain the Bidder's offered price, the "**Purchase Price**" for the acquisition of the legal title of one hundred (100%) of the share capital of the Target Company. The Purchase Price shall be expressed as a fixed amount in Euros to be paid in immediately available funds, pursuant to the terms and conditions of the draft terms of the Share Purchase Agreement, in force as approved by METE at the Bid Submission Deadline.

In the Financial Bid, the Bidder shall be required to disclose the source of funding for the Purchase Price, and METE shall be entitled to verify, if deemed necessary, the source of funding.

The form and content of the Financial Bid shall be approved by METE together with the Instructions to Bidders.

6.1.11 Bid Security

As part of its Financial Bid, the Bidder shall furnish a bid security payable to METE in the amount of Euro 10,000,000 (ten million), the "**Bid Security**".

The Bid Security shall be a letter of guarantee from a reputable and solvent bank or financial institution. If the institution issuing the Bid Security is incorporated outside Albania, the Bid Security shall be issued by a reputable and solvent Albanian branch or a correspondent Bank incorporated in Albania to make it enforceable.

The Bidders shall ensure that the Bid Security remains valid for a period of 30 (thirty) calendar days after the end of the original Bid Validity Period (as defined in Section 6.2.1) and thirty 30 (thirty) calendar days after any extension subsequently requested by METE in accordance with Section 6.2.2.

The Winning Bidder is required to ensure that the Bid Security term is extended and remains valid for a period of 30 (thirty) calendar days after the closing period of the purchase, pursuant to draft terms of the Share Purchase Agreement, in force as approved by METE at the Bid Submission Deadline, if the initial above Bid Security validity term is shorter than the such closing period.

Any Bid not accompanied by an acceptable Bid Security shall be rejected by the Bid Evaluation Commission as being invalid. The Bid Security of a Bidder that is a Consortium must be in the name of all of the members of such Consortium submitting the Bid.

The purpose of the Bid Security is to ensure that the Winning Bidder shall, within 30 (thirty) calendar days after the announcement of the Winning Bidder, pursuant to Section 9.6.1 execute the Share Purchase Agreement substantially in the form of the draft in force as approved by METE at the Bid Submission Deadline, and initialed by the Bidder in its Technical Bid.

The form and content of the Bid Security shall be approved by METE together with the Instructions to Bidders.

6.1.12 Payment of a Success Fee by the Winning Bidder

The Winning Bidder shall be liable to pay, in addition to the Purchase Price, an amount of Euro 430,000 (four hundred thirty thousand), directly into the account of the International Finance Corporation, as a success fee payable for this transaction.

The commitment of the Bidder to pay success fee shall be contained in the Financial Bid to be approved by METE together with the Instructions to Bidders.

6.2 Validity of Bids

6.2.1 Bid Validity Period

Bids shall remain valid for the term following the Bids Submission Deadline as detailed in the Instructions to Bidders (including annexes thereto) approved by

METE, the "**Bid Validity Period**". A Bid valid for a shorter period shall be rejected by the Bid Evaluation Commission as non-responsive.

6.2.2 Extensions

In exceptional circumstances, METE may solicit the consent of Bidders having submitted a Bid, to an extension of the Bid Validity Period. The request and responses thereto shall be made in writing. If Bidders accept to extend the Bid Validity Period, the Bid Security shall also be extended in accordance with Section 6.1.11 above (and the Bidders shall use all reasonable endeavors for that purpose). A Bidder may refuse METE's request for extension without forfeiting its Bid Security. A Bidder granting the request will not be required nor permitted to modify its Bid.

6.3 Format and Signing of Bids

The Bidder shall prepare an original Bid and a number of copies of its Bid as specified in the Instructions to Bidders, clearly marking each one as original or COPY NO. 1; COPY NO. 2 etc. In the event of any discrepancy between the original and any copy, the original shall prevail.

The original Bid and all copies of the Bid shall be typed and shall be signed by the Bidder (or if the Bidder is a Consortium, by each member of the Consortium) or by person(s) duly authorized to bind the Bidder/ the Consortium. The latter authorization shall be indicated by a written power of attorney submitted as part of the Technical Bid in accordance with Section 6.1.5. All pages of the Bid, except for unamended pre - printed literature, shall be initialed by the person or persons signing such Bid.

7. BIDS: SUBMISSION

7.1 Sealing and Marking of Bids

7.1.1 Inner Envelopes

The Bidder shall seal its Technical and Financial Bid for the Target Company, in separate sealed envelopes, duly marking the envelopes:

one sealed inner envelope bearing the words:

(i) **“TECHNICAL BID – FOR THE PRIVATIZATION OF HEC ULËZ SHKOPET S.H.A.”** which envelope shall contain the

documents listed in Section 6.1.2 comprising Bidder's Technical Bid for - "HEC ULËZ SHKOPET_SH.A; and

one sealed inner envelope bearing the words:

(ii) "**FINANCIAL BID - FOR THE PRIVATIZATION OF HEC ULËZ SHKOPET SH.A.**" which envelope shall contain the documents listed in Section 6.1.3 comprising the Bidder's Financial Bid for - "HEC ULËZ SHKOPET_SH.A.";

7.1.2 Originals and Copies

The inner envelopes described in Section 7.1.1 above shall be prepared in one original and a number of copies as required in the Instructions to Bidders. The envelopes containing the original and each copy of the Technical and Financial Bids shall be included in separate envelopes, duly marking the envelopes as:

"BID - FOR THE PRIVATIZATION OF HEC ULËZ SHKOPET SH.A. - ORIGINAL" / **"BID - FOR THE PRIVATIZATION OF HEC ULËZ SHKOPET SH.A. - COPY NO. 1"**; **"BID - FOR THE PRIVATIZATION OF HEC ULËZ SHKOPET SH.A. - COPY NO. 2"**, and so forth;

7.1.3 Outer Envelopes

The envelopes described in Section 7.1.2 above shall be included in one separate sealed outer envelope, duly marked as:

"BID - FOR THE PRIVATIZATION OF HEC ULËZ SHKOPET SH.A."

The outer envelope described in this Section 7.1.3 shall be sealed, and addressed to METE at the address given in the Instructions to Bidders, and should in addition be marked with the words "**DO NOT OPEN BEFORE _____.2012, ____:__am/pm, Tirana time**" to be completed with the Bids Submission Deadline as specified below in Section 7.2 and in the Instructions to Bidders.

7.1.4 Bidder Identification

The inner envelopes described in Sections 7.1.1 and 7.1.2 above shall each indicate the name and address of the Bidder (or if the Bidder is a Consortium, each member of the Consortium) so that the envelopes containing the Technical and Financial Bids as described in Sections Section 7.1.1 and 7.1.2 can be returned unopened as provided in Section 8.5.3.

If the outer envelope described in Section 7.1.3 is not sealed and marked as required above, METE will assume no responsibility for the Bid's misplacement or premature opening. If the outer envelope discloses the Bidder's identity, METE will not guarantee the anonymity of the Bid submission, but this disclosure will not constitute grounds for Bid rejection.

7.1.5 Non-responsive Bids

Any Bid which does not comply with the specified instructions as per the above paragraphs of this Section 7 shall be declared as non-responsive to the Bidding Documents and rejected by the Bid Evaluation Commission.

7.2 Deadline for Submission of Bids

7.2.1 Bids Submission Deadline

Bids must be received by METE at the address specified in the Instructions to Bidders no later than the time and date stated in the Instructions to Bidders as the "**Bids Submission Deadline**".

7.2.2 Extensions

METE may, at its discretion, extend the Bids Submission Deadline by amending the Instructions to Bidders, and notify Bidders in accordance with Section 5.3, in which case all rights and obligations of METE and the Bidders will thereafter be subject to the deadline as extended.

7.3 Late Bids

Any Bid received by METE after the Bids Submission Deadline will be rejected and returned unopened to the Bidder as provided in Section 8.5.3.

7.4 Modification and Withdrawal of Bids

The Bidder may not modify its Bid following to its submission. A bidder may withdraw its Bid after submission, provided that notice of the withdrawal is received by METE as follows, prior to the Bids Submission Deadline.

The Bidder intending to withdraw its Bid shall notify METE in writing, such notice to be received by METE prior to the Bids Submission Deadline. The notice of withdrawal, the "**Withdrawal Notice**" shall be dispatched to METE at the address stated in the Instructions to Bidders; and bear as subject matter:

- **RE: “BID WITHDRAWAL NOTICE - FOR THE PRIVATIZATION OF HEC ULËZ SHKOPET SH.A.”**

Any Withdrawal Notice received after the Bids Submission Deadline will be ignored, and the submitted Bid will be deemed to have been validly submitted.

Any Withdrawal Notice received in the interval between the Bids Submission Deadline and the expiration the Bid Validity Period specified in Section 6.2 will result in the Bidder’s forfeiture of its Bid Security, pursuant to Section 6.1.11.

8. BIDS: OPENING AND EVALUATION

The opening and evaluation procedures of the Bids under this Section 8 shall be public and completed by the Bid Evaluation Commission at the date, time and at the premises indicated in the Instructions to Bidders. If the opening and evaluation procedures may not be completed within the same day, than the process shall be adjourned and resumed the next business day at the same time and same premises (unless otherwise communicated by the Bid Evaluation Commission). Attendance by participants to the opening event may be limited, subject to physical space availability, provided however that the presence of at least two representatives for each Bidder having submitted a Bid shall in any case be guaranteed.

8.1 Opening the Outer Envelopes

The Bidders’ representative(s) who are present during the opening and evaluation procedures shall sign a register evidencing their attendance.

No Bid shall be rejected at the opening of envelopes except for late Bids pursuant to Section 7.3.

The Bid Evaluation Commission shall simultaneously open all sealed outer envelopes described in Section 7.1.3 and read out loud in the presence of the Bidder's representative(s), the name and address of each Bidder having submitted the Bid, including if the Bid has been received within Bids Submission Deadline pursuant to the Instructions to Bidders.

The Bid Evaluation Commission shall than simultaneously open all Withdrawal Notices pursuant to Section 7.4 and read out loud in the presence of the Bidder's representative(s) the name and address of each Bidder having submitted a Withdrawal Notice, including if the Withdrawal Notice has been received within Bids Submission Deadline pursuant to the Instructions to Bidders.

8.2 Opening Results Registration

The Bid Evaluation Commission shall register:

1. The total number of Bids and Withdrawal Notices received;
2. The total number of Bids and Withdrawal Notices received after Bids Submission Deadline, with names and addresses of relevant Bidders;
3. The total number of Bids and Withdrawal Notices received within Bids Submission Deadline, with names and addresses of relevant Bidders;

8.3 Opening and Evaluation of the Inner Envelopes

Immediately after the completion of the opening procedures under Section 8.1, with respect to only the Bids under item 3 of Section 8.2 above, with respect to which a Withdrawal Notice has not been received, the Bid Evaluation Commission shall then simultaneously open:

1. the envelopes described in Section 7.1.3 containing the original copy of the Bid; and
2. the inner envelopes described in 7.1.1(i) containing the original Technical Bid;

8.4 Technical Bids

The Bid Evaluation Commission shall read out loud, in the presence of the Bidder's representative(s), and register the content of each Technical Bid opened pursuant to Section 8.3.

8.4.1 Compliance Review

The Bid Evaluation Commission shall review the documents comprising the envelope of Technical Bids opened pursuant to Section 8.3 and determine whether they are complete and formally and substantially responsive to these Tender Procedures as well as to Instructions to Bidders (including annexes thereto).

The Bid Evaluation Commission shall particularly ensure that the Technical Bid documents comply with requirements of Section 6.1.2 and of the Instructions to Bidders (including annexes thereto) and that Bidders continue to meet the requirements set forth in Section 4 above. The Bid Evaluation Commission shall also ensure that the wording of the initialed Share Purchase Agreement matches

the final version of the Share Purchase Agreement issued to the Bidders ahead of the Bid Submission Deadline.

8.4.2 Evaluation Criteria

The evaluation of Technical Bids shall be based on a *pass or fail* criteria, and no award of points shall apply to the Technical Bids.

Technical Bids that failed to comply with minimal requirements of Section 8.4.1 above shall be declared as invalid or non-responsive to the Bidding Documents as the case may be, and rejected by the Bid Evaluation Commission.

8.4.3 Qualified Bids

The Bid Evaluation Commission shall then declare, in the presence of the Bidder's representative(s), and register name and address of each Bidder having passed the Compliance Review of the Technical Bids pursuant to Section 8.4.1.

8.5 Financial Bids

8.5.1 Opening and Formal Compliance

The Bid Evaluation Commission shall, with respect to only the Bids that have passed the Compliance Review pursuant to Section 8.4.1, then open the inner envelopes described in Section 7.1.1(ii) containing the Financial Bids resulting from the opening procedure under Section 8.3.

No Financial Bid shall be opened if the Technical Bid of the respective Bidder has failed the Compliance Review pursuant to Section 8.4.1.

The Bid Evaluation Commission shall read out loud, in the presence of the Bidder's representative(s), and register the content of each Financial Bid opened pursuant to Section 8.5.1.

8.5.2 Purchase Price

The Bid Evaluation Commission shall review the compliance of documents comprising the Financial Bid with requirements of these Tender Procedures as well as Instructions to Bidders (including annexes thereto) and if compliant, in the presence of the Bidder's representative(s), read out loud the amount of the Purchase Price offered by each Bidder.

The Bid Evaluation Commission shall register the name and address of each Bidder having submitted a valid Financial Bid, together with the Purchase Price offered by the Bidder.

8.5.3 Return of Documents

Within 10 (ten) business days from the day of completion of opening and evaluation of the Bids pursuant to this Section 8, the Bid Evaluation Commission shall officially notify in writing the Bidders, whose Bids have been declared late, invalid and/or non – responsive to the procedures and/or the Instructions to Bidders (including annexes thereto) on its final decision for the Bidder’s exclusion from the further procedures of the Bidding Process.

Together with such notification, the Bid Evaluation Commission shall return also the Bidder’s envelopes described in Section 7.1.1, 7.1.2 and 7.1.3 which were unopened when the Bid was declared withdrawn, late, invalid and/or non – responsive, as the case may be.

9. FURTHER PROCEDURES

9.1 Invalidity and failure of the Bidding Process

The Bid Evaluation Commission may waive any minor informality, non-conformity or irregularity in a Bid that does not constitute a material deviation, and that does not prejudice or affect the relative ranking of any Bidder as a result of the Technical Bid and Financial Bid evaluation.

9.1.1 Invalid Bids

In addition to other cases specifically provided hereunder, a Bid shall be declared invalid when:

1. the Bidder has not provided the Bid Security;
2. the Bidder has violated the confidentiality or has provided false data in his/her offer;
3. the Bidder has not fulfilled any requirement contained in these Instructions to Bidders and other Bidding Documents;

9.1.2 Unsuccessful Bidding Process

The Bidding Process is considered unsuccessful, and therefore failed, if:

1. none of the Bids fulfills the requirements of these Instructions to Bidders and other Bidding Documents;
2. the Council of Ministers decides to terminate the Bidding Process; or
3. no bid is submitted;

9.2 Evaluation Report and Notification to Bidders

Not later than 10 (ten) business days from the date of the completion of procedures under Section 8, the Chairman of the Bid Evaluation Commission shall prepare a summary report, the "**Evaluation Report**" which shall include:

1. the object of the Bidding Process and the percentage of shares offered for sale for the Target Company;
2. a brief summary of the procedure and the number of Bids submitted for the Target Company;
3. a summary of the Bids submitted for the Target Company;
4. the main criteria for the evaluation of Bids and the evaluation of each Bid for the Target Company;
5. the criteria for the evaluation of the Financial Offer; and
6. a ranking of the Bidders according to the Purchase Price offered for the Target Company;

The Evaluation Report shall be presented to METE for further submitting to the Council of Ministers, together with a proposal of the Bidder having proposed the higher Purchase Price for the Target Company, pursuant to Section 8.5.2.

9.3 Approval / Rejection by the Council of Ministers

The Council of Ministers shall review the Evaluation Report proposed by the Bid Evaluation Commission, and, upon its sole discretion, alternatively:

1. Approve the evaluation report and the Bid of the Bidder offering the highest Purchase Price for the Target Company; or
2. Approve the evaluation report but, reject the Bid of the Bidder offering the highest Purchase Price for the Target Company, if the financial offer is deemed economically non viable; or
3. Reject the evaluation report, and request corrections. In such case the Bid Evaluation Commission shall make the necessary corrections, and resubmit the evaluation report for approval pursuant to this Section 9.3;

Following to the approvals by the Council of Ministers under item 1) above, METE shall be entitled to enter the Share Purchase Agreement with the Winning Bidder as provided by Section 9.5 below.

9.4 Termination of the Bidding Process

The Council of Ministers may, at any time before announcing the Winning Bidder, terminate the Bidding Procedures without providing any justifying arguments to the bidders.

METE shall not incur any liability whatsoever in exercising any rights under this Section.

9.5 Finalization Sessions

9.5.1 Notification to the Winning Bidder

METE shall issue, with respect to the Target Company, the Winning Bidder notification to the Bidder whose offer has been approved by the Council of Ministers pursuant to Section 9.3, the "**Winning Bidder**". The Winning Bidder will be invited for finalization sessions of the Share Purchase Agreement and to execute the Share Purchase Agreement not later than 5 (five) business days from the date of approval by the Council of Ministers of the Winning Bidder. Whereas METE may entertain minor drafting changes for the purposes of clarity and finalization of the Share Purchase Agreement, the Winning Bidder will be required to execute the Share Purchase Agreement in the form of the initialed copies submitted as part of its Technical Bid.

If within 30 (thirty) calendar days from the date of the Notification as above, for any reason the Winning Bidder fails to comply with required term extensions of the Bid Security, if necessary, pursuant to Section 6.1.10, and/or to does not execute the Share Purchase Agreement, METE shall be entitled to forfeit the respective Bid Security of the Winning Bidder and invite for negotiations the other Bidders having submitted a valid Financial Bid pursuant to Section 8.5.2, in the order of their ranking of the approved Evaluation Report, until the Share Purchase Agreement is executed, or alternatively propose to the Council of Ministers the terminate the Bidding Process.

9.6 Contacting METE or the Authorities

From the time of opening of the Bids to the time of the execution of the Share Purchase Agreement, if any Bidder wishes to contact METE, it should do so by

e-mail at the address indicated in the Instructions to Bidders, with copy of any correspondence sent to the IFC Project Team: albaniahpps@ifc.org.

9.6.1 Finalization of the SPA

The finalization of the Share Purchase Agreement with the Winning Bidder shall be carried out with the assistance of the International Finance Corporation (IFC).

Upon the execution of the Share Purchase Agreement by the Winning Bidder, METE will promptly inform in writing, pursuant to Instructions to Bidders (including annexes thereto), each of the other Bidders having submitted a valid Financial Bid pursuant to Section 8.5.2.

9.7 Bid Return and Forfeiture

METE will return the Bid Securities of the unsuccessful Bidders having submitted a valid Financial Bid pursuant to Section 8.5.2, as promptly as possible, but not later than 30 (thirty) calendar days after the expiration of the Bid Validity Period as defined in Section 6.2.1 as may be extended in accordance Section 6.2.2.

The Bid Security of the Winning Bidder (pursuant to Section 9.5) will be returned upon the closing of the signed Share Purchase Agreement.

The Bid Security may, at the discretion of METE, may be forfeited:

- if the Bidder (or any member of a Consortium thereof) makes any material misrepresentation in its Bids;
- if the Bidder withdraws its Bid during the Bid Validity Period;
- if the Winning Bidder fails to comply with required term extensions of the Bid Security, if necessary, pursuant to Section 6.1.10, and/or to execute the Share Purchase Agreement substantially in the form of the initialed copy included in its Bid, on a date not being later than 30 (thirty) calendar days after the announcement of the Winning Bidder pursuant to Section 9.5.1; or
- if the Winning Bidder fails to achieve the closing of the Share Purchase Agreement, pursuant to its terms and conditions, for reasons attributable to the Winning Bidder;

The Bid Security shall be callable upon first demand by METE in the event that one or more of the circumstances described in this Section has occurred.

Forfeiture of the Bid Security shall not preclude METE from pursuing any other remedies it may have against the Winning Bidder or another Bidder.

In addition to the above, if a Bidder or the Winning Bidder: (i) resorts to deceit and/or fraud in its dealings with METE, the Bid Evaluation Commission, its advisors, employees, consultants or agents or otherwise in relation to the Project; or (ii) is proven to have personally or through an intermediary, either directly or indirectly, offered or attempted to offer a bribe to any of METE's employee involved with the Bid or the Project, then the Bidder's or the Winning Bidder's Bid shall be cancelled and the Bid Security shall be forfeited.

9.8 Confidentiality

METE and the Bid Evaluation Commission shall maintain the confidentiality of all technical, economic and financial data originating from the Bids. Unless foreseen by law, court decision or in these Instructions to Bidders, METE and the Bidders shall not disclose to third parties technical information, data on the price and any other element subject to discussions without the consent of the other party, except to its advisors and counsels in relation to the Project.

9.9 Effective Date of the SPA

After the signing by METE and the Winning Bidders of the Share Purchase Agreement for 100% of the shares of the joint stock company HEC Ulëz Shkopet Sh.a and its approval by the Parliament based on the proposal of the Council of Ministers.