

The World BankINTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
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Disaster
(12-1)

February 29, 2012

H.E. Phouphet Khamphounvong
Minister of Finance
Ministry of Finance
Vientiane Capital
Lao People's Democratic Republic

Re: Lao PDR: Japan Policy and Human Resources Development (PHRD) Technical Assistance (TA) Program to Support Disaster Reduction and Recovery Grant for Mainstreaming Disaster and Climate Risk Management into Investment Decisions
Grant Number TF011271

Excellency:

In response to the request for financial assistance made on behalf of Lao People's Democratic Republic ("Recipient"), I am pleased to inform you that the International Development Association ("World Bank"), acting as administrator of grant funds provided by Japan ("Donor") under the Japan Policy and Human Resources Development Technical Assistance Program to Support Disaster Reduction and Recovery, proposes to extend to the Recipient a grant in an amount not to exceed two million seven hundred and eighteen thousand United States Dollars (U.S.\$ 2,718,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donor. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank's payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donor under the abovementioned trust fund, and the Recipient's right to withdraw the Grant proceeds is subject to the availability of such funds. Accordingly, in the event that the Donor cancels or fails to pay any contributions under the trust fund to the World Bank for any reason, or that as a result of currency exchange variations the amount of funds available in the trust fund is insufficient for the purposes of the Grant, the Recipient shall bear the risk of such funding shortfall and the World Bank shall not have any liability whatsoever to the Recipient or to any third parties in respect of any expenditures or liabilities incurred by the Recipient or any third parties in connection with this Agreement which exceed the amount of funds made available to the World Bank by the Donor for the purposes of the Grant.


The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

Please confirm the Recipient's agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature, provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within ninety (90) days after the date of signature of this Agreement by the World Bank, unless the World Bank shall have established a later date for such purpose.

Very truly yours,
INTERNATIONAL DEVELOPMENT ASSOCIATION

By Yheilew Miwa
Authorized Representative

AGREED:
LAO PEOPLE'S DEMOCRATIC REPUBLIC

By 
Name Dr. Viengthong SIPHANDONE
Title Vice - Minister of Finance
Date: 29 FEB 2012

Enclosures:

- √(1) Standard Conditions for Grants Made by the World Bank out of Various Funds, dated July 31, 2010.
- √(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006.

ANNEX

**Article I
Standard Conditions; Definitions**

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated July 31, 2010 (“Standard Conditions”) constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement.

(a) “Resettlement Action Plan” means the Recipient’s plan, to be agreed with the World Bank and setting out the mitigation, enhancement, monitoring, and institutional measures, including capacity building through training, to carry out acquisition of land and other assets, compensation, resettlement, and rehabilitation of Displaced Persons under the Project, in accordance with the provisions of the Resettlement Policy Framework, as the same may be modified from time to time with the prior written agreement of the World Bank, and such term includes any annexes or schedules to such plan, and “Resettlement Action Plans” means, collectively, all such plans.

(b) “Resettlement Policy Framework” means the Recipient’s framework, dated January 18, 2012, setting out the mitigation, enhancement, monitoring, and institutional measures, including capacity building through training, to carry out acquisition of land and other assets, compensation, resettlement, and rehabilitation of Displaced Persons, and guidelines and procedures for the preparation of Resettlement Action Plans, under the Project, as the same may be modified from time to time with the prior written agreement of the World Bank, and such term includes any annexes or schedules to such framework.

(c) “Displaced Person” means a person who, on account of the execution of the Project, experienced or would experience direct economic and social impacts caused by: (i) the involuntary taking of land, resulting in (A) relocation or loss of shelter; (B) loss of assets or access to assets; or (C) loss of income sources or means of livelihood, whether or not such person must move to another location; or (ii) the involuntary restriction to access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person, and “Displaced Persons” means, collectively, the plural thereof.

(d) “Environmental Management Framework” means the framework instrument dated January 18, 2012, and referred to in Section 2.02(b) of the Annex to this Agreement, which sets forth the principles and procedures, satisfactory to the World Bank, governing: (i) the environmental impact screening of civil works to be carried out under Project be done prior to the commencement of civil works, and the environmental protection measures, if any, required to be undertaken in order to avoid or mitigate potential adverse environmental impacts resulting from civil works; (ii) land or other asset acquisition from, resettlement and rehabilitation of and compensation to, Displaced Persons, as well as reporting and monitoring arrangements to ensure compliance with said principles, and for the preparation of resettlement action plans whenever required in the carrying out of Project implementation activities; (iii) physical cultural resources chance finding procedures; and (iv) the Ethnic Group Framework to be implemented or cause to be implemented by the Recipient in the carrying out of the Project in areas where Ethnic Groups are residing, cultivating, hunting and carrying out other similar livelihood activities which strategy includes special planning measures or actions to be undertaken aimed at ensuring that

through prior and informed consultation the Ethnic Groups receive the benefits from the Project in a culturally compatible manner acceptable to them, and do not suffer adverse effects as a result of the implementation of the Project; as said framework may be revised from time to time with the prior written approval of the World Bank.

(e) “Environmental Management Plan” means the Recipient’s plan, to be agreed with the World Bank and setting out mitigation, enhancement, monitoring, and institutional measures, including capacity building through training, to eliminate any adverse environmental impacts of activities to be implemented under the Project, offset them, or reduce them to acceptable levels, or enhance positive impacts, and provisions to address physical cultural resources chance finding procedures, as the same may be modified from time to time with the prior written agreement of the World Bank, and such term includes any annexes or schedules to such plan, and “Environmental Management Plans” means, collectively, all such plans.

(f) “Ethnic Group” means, for purposes of the Project, the social groups residing or engaged in livelihood activities under the Project from time to time; each of which possesses a distinct social and cultural identity that makes it vulnerable to being disadvantaged in the development process, including the presence in varying degrees of the following characteristics: (i) close attachment to ancestral territories and to the natural resources in these areas; (ii) self-identification and identification by others as members of a distinct cultural group; (iii) a language, often different from the Lao language; (iv) presence of customary social and political institutions; and (v) primarily subsistence-oriented production.

(g) “Ethnic Group Policy Framework” means the Recipient’s framework, dated January 18, 2012, setting out the mitigation, enhancement, monitoring, and institutional measures, including capacity building through training, that have been identified by the Recipient to ensure meaningful consultation with, and the informed participation of, Ethnic Groups within the Project area who are affected by the Project, and guidelines and procedures for the preparation of Ethnic Group Development Plans, as the same may be modified from time to time with the prior written agreement of the World Bank, and such term includes any annexes or schedules to such framework.

(h) “Ethnic Group Development Plan” means the Recipient’s plan, to be agreed with the World Bank and setting out the mitigation, enhancement, monitoring, and institutional measures, including capacity building through training, that have been identified by the Recipient to address any adverse effects on Ethnic Groups associated with, and ensure culturally appropriate social and economic benefits for Ethnic Groups under the Project in accordance with the provisions of the Ethnic Group Policy Framework, as the same may be modified from time to time with the prior written agreement of the World Bank, and such term includes any annexes or schedules to such plan, and “Ethnic Group Development Plans” means, collectively, all such plans.

(i) “Ministry of Planning and Investment” or the acronym “MPI” means the Recipient’s Ministry of Planning and Investment or any successor thereto.

(j) “Ministry of Public Works and Transport” or the acronym “MPWT” means the Recipient’s Ministry of Public Works and Transport or any successor thereto.

(k) “Ministry of Agriculture and Forestry” or the acronym “MAF” means the Recipient’s Ministry of Agriculture and Forestry or any successor thereto.

(l) “National Disaster Management Office” or the acronym “NDMO” means Recipient’s National Disaster Management Office under the Ministry of Labor and Social Welfare, or any successor thereto.

(m) “Ministry of Natural Resources and Environment” or the acronym “MoNRE” means Recipient’s Ministry of Natural Resources and Environment, or any successor thereto.

(n) “Operations Manual” means the operations manual to be developed for the implementation of the Project in accordance with Section 2.02(a)(ii)(C) of the Annex to the Agreement.

Article II Project Execution

2.01. ***Project Objectives and Description.*** The objective of the Project is to strengthen the institutional authority and implementation capacity of the Government of Lao PDR at national and sub-national levels to mainstream disaster risk management and climate change adaptation into public infrastructure investments, to decrease the vulnerability of the population and national economy to climate change and natural hazards.

The Project consists of the following parts:

Part A. Risk Assessment

- (i) Identification of risks and integration of risk scenarios in investment planning and policies to assist in the development of risk maps for the transport, urban planning and irrigation sectors.
- (ii) Strengthening capacities in geographic information systems (GIS) to analyze, interpret, apply and update risk assessment data.
- (iii) Provide training on risk assessments to relevant staff of MPI, MPWT and MAF.

Part B. Mainstreaming Disaster and Climate Risk Management into Investments

Provision of technical assistance to MPI, MPWT and MAF to develop guidelines and strategies to mainstream disaster risk management and climate change adaptation into the planning cycle and budgeting process based on national and international knowledge, including capacity building (i) to MPI to develop checklists and procedures that ensure disaster risk management is taken into account during the planning stage of public investment; and (ii) to MPWT and MAF to develop building codes, technical standard specifications, manuals for the design and construction of public investments, and monitoring guidelines.

Part C. Institutional Strengthening and Capacity Building

Provision of technical assistance to build the capacity of the technical staff of MPI, MPWT, MAF and other relevant staff of line ministries at both central and provincial levels through on the job training and workshops, including: (i) enhanced training for MPI to fulfill its mandate in planning and monitoring public investment with disaster risk management; (ii)

training on the building codes, the design and construction of resilient infrastructure and effective monitoring mechanisms during implementation for engineers from MPWT and MAF at both central and local levels, as well as private sector and local communities; and (iii) training for masons and engineers from MPWT and MAF at both central and local levels, as well as private sector and local communities.

Part D. Pilot Projects in two Disaster-Prone Provinces

Pilot the disaster-resilient construction practices developed under Part B above in two disaster-prone provinces which will be identified in the risk assessment that will be carried out under Part A above, through demonstration of said practices in construction and rehabilitation in selected sectors.

Part E: Monitoring and Evaluation

Provision of technical assistance to MPI, MPWT and MAF: (i) to strengthen their Project monitoring and evaluation mechanisms, including data collection and analysis; (ii) to prepare quarterly Project progress reports; and (iii) to conduct semi-annual and end of Project reviews.

Part F: Project Management

Provision of technical assistance to MPI, MPWT and MAF to establish a professional Project management team to manage the overall implementation of the Project, including, preparation of procurement plan, annual work plan, budget, financial management and accounting, audits and monitoring and reporting.

2.02. ***Project Execution Generally.***

(a) **Institutional Arrangements**

- (i) The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out Parts A, B, C, E and F of the Project through MPI, MPWT and MAF and Part D of the Project through MPWT and MAF, in collaboration with MPI, in accordance with the provisions of: (A) Article II of the Standard Conditions; (B) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 (“Anti-Corruption Guidelines”); and (C) this Article II.
- (ii) The Recipient shall:
 - (A) ensure that the Ministry of Planning and Investment, as the Ministry in charge of post-disaster recovery, rehabilitation, and planning, oversee and guide the overall implementation of the Project;
 - (B) ensure that a steering committee is established no later than two (2) months after the countersignature of this Agreement by the Recipient, and thereafter maintain throughout the implementation of the Project, such a committee, led by the Ministry of Planning and Investment, comprising representative from Ministry of

Public Works and Transport, Ministry of Agriculture and Forestry, National Disaster Management Office, and Ministry of Natural Resources and Environment where appropriate, for overseeing the overall implementation of the Project;

- (C) ensure that an Operations Manual is prepared no later than two (2) months after the countersignature of this Agreement by the Recipient, in a manner and substance satisfactory to the World Bank, which manual, *inter alia* shall include the description of: (1) implementation arrangements; (2) the capacity assessment criteria for relevant staff of MPI, MPWT and MAF in the areas of safe infrastructure design, implementation and monitoring; (3) the procurement procedures and standard procurement documentation; (4) reporting requirements, financial management and audit procedures; (5) monitoring and evaluation arrangements; (6) criteria for the selection of pilot-projects; and (7) guidelines and procedures describing the environmental and social safeguards mitigation measures acceptable to the World Bank, as described in the Environmental Management Framework, Resettlement Policy Framework and Ethnic Group Policy Framework; and
- (D) undertake not to amend, suspend, abrogate, repeal or waive any provisions of the Operations Manual without the prior agreement of the World Bank.

(b) **Safeguards.**

- (i) The Recipient shall:
 - (A) ensure that all pilot projects and civil works to be financed through the Project are technically and economically viable, and have been designed and appraised, with due regard for public health, safety, social and environmental standards acceptable to the World Bank, and pursuant to the Environmental Management Framework;
 - (B) (1) ensure that an environmental screening of each pilot project and civil works has been carried out and, if necessary on the basis of such screening, a full environmental impact assessment has been carried out, on terms satisfactory to the World Bank, in order to determine any measures to be taken to prevent, minimize, mitigate or compensate any environmentally adverse effects; and (2) in the event that any pilot project and civil work would require any such mitigation measures, prior to commencing such pilot project and civil work, ensure that an Environmental Management Plan has been prepared in accordance with the Environmental Management Framework, and thereafter, implement the Environmental Management Plan, in a manner and substance satisfactory to the World Bank;
 - (C) (1) ensure that a social screening of each pilot project and civil works has been carried out and, if necessary on the basis of such screening, all necessary actions have been taken in order to minimize to the extent possible any involuntary loss by persons of shelter, productive assets or access to productive assets, or income, or means of livelihood,

temporarily or permanently; and (2) in the event that the pilot projects and civil works would give rise to Displaced Persons, ensure that a Resettlement Action Plan has been prepared prior to the commencement of such projects and civil works, in accordance with the Resettlement Policy Framework, and thereafter, implement the Resettlement Action Plan in a manner and substance satisfactory to the World Bank;

- (D) if on the basis of the screening referred in sub-paragraph (C) above it is determined that Ethnic Groups reside, cultivate, hunt or undertake any other similar social activity within the proposed Project area, ensure that Ethnic Group Development Plan has been prepared prior to commencement of such pilot projects and civil works, in accordance with the Ethnic Group Development Framework and with full participation and, prior and informed consultation of the affected Ethnic Groups, and with due regard to their cultural preferences, and thereafter implement the Ethnic Group Development Plan in a manner and substance satisfactory to the World Bank;
- (E) furnish to the World Bank for its prior approval any revisions proposed to be introduced into the Environmental Management Framework, the Resettlement Policy Framework, the Ethnic Group Policy Framework, and the Environmental Management Plans, the Resettlement action plans, and the Ethnic Group Plans prepared pursuant thereto in order to achieve their objectives; and thereafter introduce such revisions into and implement such Environmental Management Framework, Resettlement Policy Framework, Ethnic Group Policy Framework, and each of the Environmental Management Plans, Resettlement Action Plans and Ethnic Group Development Plans in a manner and substance satisfactory to the World Bank;
- (F) maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with guidelines acceptable to the World Bank, the implementation of said Environmental Management Framework, Resettlement Policy Framework, the Ethnic Group Policy Framework and each of the Environmental Management Plans, Resettlement Action Plans and Ethnic Group Development Plans, and the achievement of their objectives;
- (G) without limitation to the provisions of sub-paragraph (F) above, take all the measures necessary to regularly collect, compile, and submit to the World Bank as part of the project reports, information on the status of compliance of the Environmental Management Framework, Resettlement Policy Framework, Ethnic Group Policy Framework and each of the Environmental Management Plans, Resettlement Action Plans and Ethnic Group Development Plans, providing details of:

- (1) measures taken to ensure compliance;

- (2) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the Project; and
 - (3) remedial measures taken or required to be taken to address such condition; and
- (H) in the event of any inconsistency between the provisions of this Agreement and those of the Environmental Management Framework, Resettlement Policy Framework, Ethnic Group Policy Framework, and any Environmental Management Plans, Resettlement Action Plans and Ethnic Group Development Plans, the provisions of this Agreement shall prevail.

2.03. **Donor Visibility and Visit.** (a) The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donor's support for the Project.

(b) For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank's request, enable the representatives of the Donor to visit any part of the Recipient's territory for purposes related to the Project.

2.04. **Project Monitoring, Reporting and Evaluation.** (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators set forth below in paragraph (b) of this Section. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the World Bank not later than forty five days after the end of the period covered by such report.

- (b) The performance indicators referred to above in paragraph (a) consist of the following:
- (i) Sectoral risk assessments in the transport, irrigation and urban planning sectors completed.
 - (ii) Technical capacity of personnel from MPWT and MAF at both central and provincial levels enhanced in the areas of safe infrastructure design, implementation and monitoring.
 - (iii) Appropriate technology and technical guidelines and manuals developed by MPI, MPWT and MAF based on global knowledge and best practices and pilots implemented using said guidelines. Such guidelines by MPWT and MAF should cover the areas of priority public infrastructure in transportation, irrigation and disaster resilient housing and the guideline by MPI should cover the integration of disaster risk management in planning and monitoring procedures.

(c) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

2.05. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty-five days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of such period.

2.06. **Procurement**

(a) General. All goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

(i) Section I of the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 ("Procurement Guidelines"), in the case of goods and works;

(ii) Sections I and IV of the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 ("Consultant Guidelines") in the case of consultants' services; and

(iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines ("Procurement Plan").

(b) Definitions. The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

(c) Particular Methods of Procurement of Goods and Works

(i) Except as otherwise provided in sub-paragraph (ii) below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.

(ii) The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (A) Shopping; (B) Direct Contracting; and (C) National Competitive Bidding in accordance with the Recipient's Decree of the Prime Minister on Government Procurement of Goods, Construction, Maintenance and Services, 03/PM dated

January 9, 2004, and the Implementing Rules and Regulations on Government Procurement of Goods, Works, Maintenance and Services No. 063/MOF, dated March 12, 2004, and No. 0861/MOF, dated May 05, 2009 (Amended Version) subject further to the procedures listed below:

National Competitive Bidding Procedures

1. Bidding documents and contracts under national competitive bidding procedures financed by the World Bank shall include a provision requiring suppliers contractors and their subcontractors to permit the World Bank to inspect their accounts and records relating to the bid submission and the performance of the supplier and/or contractor, as the case may be, and to have them audited by auditors appointed by the World Bank, if so required by the World Bank. The deliberate and material violation by the supplier, contractor or subcontractor of such provision may amount to obstructive practice.
2. Immediately after completion of the bid opening proceedings, a copy of the bid opening record shall be posted at a prominent location, accessible to the public, outside the office of the concerned procuring entity and shall be retained at the same location until the award of contract has been notified. A copy of the bid opening record shall be provided to all bidders who submitted bids.
3. The Recipient shall publish the following information on contract award on a free or open access website when it becomes operational or on another means of publication acceptable to the World Bank: (a) name of each bidder who submitted a bid; (b) bid prices as read out at bid opening; (c) name and evaluated price of each bid that was evaluated; (d) name of bidders whose bid were rejected and the reasons for rejection; (e) name of the winning bidder, contract price, explanation if it is different that bid price as well as the duration and summary scope of the contract awarded; and (f) contract variation orders. This publication shall be updated quarterly.
4. The eligibility of bidders shall be as defined under section I of the Procurement Guidelines; accordingly, a firm or individual previously declared ineligible by the World Bank based on determination by the World Bank that this firm or individual has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices shall be declared ineligible to be awarded a contract financed by World Bank.
5. The World Bank shall declare a firm or individual ineligible, either indefinitely or for a stated period, to be awarded a contract financed by the World Bank and the Recipient, if it at any time determines that the firm or individual has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for, or in executing, an World Bank -financed contract.

(d) Particular Methods of Procurement of Consultants' Services

(i) Except as otherwise provided in item (ii) below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods may be used for the procurement of consultants' services for those assignments which are specified in the Procurement Plan: (A) Least Cost

Selection; (B) Selection based on Consultants' Qualifications; (C) Single-source Selection of consulting firms; and (D) Selection of Individual Consultants.

(e) Review by the World Bank of Procurement Decisions. The Procurement Plan shall set forth those contracts which shall be subject to the World Bank's Prior Review. All other contracts shall be subject to Post Review by the World Bank.

Article III Withdrawal of Grant Proceeds

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant ("Category"), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Consultants' Services	1,025,850	100%
(2) Goods	36,600	100%
(3) Civil Works	1,218,000	100%
(4) Training and Workshops	190,000	100%
(5) Incremental Operating Costs	247,550	100%
TOTAL AMOUNT	2,718,000	

For the purposes of this Section, the terms: (i) "Training and Workshops" means reasonable expenditures incurred by the Recipient for the carrying out of in-country training and workshop activities, including expenditures for facilities rental, materials printing and photocopying, supplies, course fees, and travel and subsistence of trainees; and (ii) "Incremental Operating Costs" means the incremental operating costs under the Project incurred by the Recipient for purposes of the implementation, management, and monitoring and evaluation of the Project on

account of office supplies and consumables, utilities, bank charges, communications, mass media and printing services, vehicle rental, operation, maintenance and insurance, office space rental, building and equipment maintenance, domestic travel, lodging, and subsistence allowances, but excluding salaries, fees, honoraria, and bonuses of members of the Recipient's civil service servants.

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is January 30, 2015.

Article IV Recipient's Representative; Addresses

4.01. **Recipient's Representative.** The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is Minister of Finance.

4.02. **Recipient's Address.** The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Finance
23 Singha Road
Post Box No. 46
Vientiane
Lao PDR

4.03. **World Bank's Address.** The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

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

Cable:

Telex:

Facsimile:

INTBAFRAD

INDEVAS

Washington, D.C.

248423 (MCI) or
64145 (MCI)

1-202-477-6391