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DOCUMENTS

CREDIT NUMBER 5675-LA

Financing Agreement

(Power Grid Improvement Project)

between

LAO PEOPLE'S DEMOCRATIC REPUBLIC

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated August 17 **, 2015**

FINANCING AGREEMENT

AGREEMENT dated August 17, 2015, entered into between the LAO PEOPLE'S DEMOCRATIC REPUBLIC ("Recipient") and the INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

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

ARTICLE II —FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to twenty one million four hundred thousand Special Drawing Rights (SDR 21,400,000) (variously, "Credit" and "Financing"), to assist in financing the project described in Schedule 1 to this Agreement ("Project"):

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Payment Dates are May 15 and November 15 in each year.

2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.07. The Payment Currency is Dollars.

ARTICLE III —PROJECT

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall cause the Project Implementing Entity to carry out the Project in accordance with the provisions of Article IV of the General Conditions and the Project Agreement.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Event of Suspension is that the Project Implementing Entity's Regulations have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.

4.02. The Additional Event of Acceleration is that the event specified in Section 4.01 of this Agreement occurs.

ARTICLE V— EFFECTIVENESS; TERMINATION

5.01. The Additional Condition of Effectiveness is that the Subsidiary Agreement has been executed and delivered on behalf of the Recipient and the Project Implementing Entity.

5.02. The Additional Legal Matter is that the Subsidiary Agreement has been duly authorized or ratified by the Recipient and the Project Implementing Entity and is legally binding upon the Recipient and the Project Implementing Entity in accordance with its terms.

5.03. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

5.04. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient's Representative is its Minister at the time responsible for finance.

6.02. The Recipient's Address is:

Ministry of Finance
23rd Singha Road
Saysettha District
Vientiane, Lao PDR

Facsimile:

856-21-412142

6.03. The Association's Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Facsimile:

1-202-477-6391

AGREED at Vientiane, Lao People's Democratic Republic, as of the day and year first above written.

LAO PEOPLE'S DEMOCRATIC REPUBLIC

By

Authorized Representative

Name: Thipphakone CHANTHAVONGSA

Title: VICE MINISTER

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: ULRICH ZACHAU

Title: COUNTRY DIRECTOR

SCHEDULE 1

Project Description

The objective of the Project is to help improve the efficiency and reliability of power distribution in the Selected Load Areas served by EDL.

The Project consists of the following parts:

Part 1: Smart Metering, Distribution Improvement and Distribution Losses Reduction

Rehabilitation, improvement and automation of power distribution and metering infrastructure and equipment in the Selected Load Areas to introduce smart metering, improve the reliability of power supply and reduce distribution losses.

Part 2: Electric Utility Information System

Development of an improved information system of EDL, including supply and installation of optical fiber communication links to support advanced metering and distribution automation, extension of the geographic information system to support power distribution operation and maintenance, and supply and installation of an updated corporate financial management information system.

Part 3: Institutional Capacity Building and Project Implementation Support

Provision of technical and operational assistance to enhance EDL's institutional capacity to utilize new technologies in addressing distribution losses and improving power grid efficiency, and to carry out the day-to-day management, monitoring and evaluation of Project activities, including audits.

Part 4 Contingent Emergency Response

Provision of immediate response to an Eligible Crisis or Emergency, as needed.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Subsidiary Agreement

1. For the purposes of carrying out the Project, the Recipient shall make available to the Project Implementing Entity the proceeds of the Financing under a Subsidiary Agreement to be entered into between the Recipient, through its Ministry of Finance, and the Project Implementing Entity, under terms and conditions acceptable to the Association which shall include, *inter alia*:

   (a) the Recipient shall on-lend the proceeds of the Financing to the Project Implementing Entity on the following terms: (i) the principal amount of the Subsidiary Loan shall be made available in Dollars (determined on the date, or respective dates, of withdrawal from the Financing Account) of the value of the currency or currencies so withdrawn; (ii) repayment of the proceeds of the Subsidiary Loan over a period of twenty (20) years, inclusive of a grace period of three (3) years; (iii) payment of interest on the principal amount of the Subsidiary Loan withdrawn and outstanding from time to time at the rate of two percent (2%) per year or any other rate which may be agreed to between the Recipient and the Project Implementation Entity and which is satisfactory to the Association; and (iv) payment of a service charge of one percent (1%) on each draw-down of an amount of the Subsidiary Loan;

   (b) the Project Implementing Entity shall: (i) carry out the Project with due diligence and efficiency and in accordance with appropriate technical, economic, financial, managerial, environmental and social standards and practices; including in accordance with the provisions of this Agreement, the POM, the ESMP, and the Anti-Corruption Guidelines; and (ii) provide, promptly as needed, the resources required for such purpose;

   (c) the Project Implementing Entity shall ensure that any goods, works and/or services to be financed out of the Financing are procured in accordance with the provisions of Section III of this Schedule;

   (d) the Project Implementing Entity shall: (i) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations and financial condition of the Project Implementing Entity, and the operations, resources and expenditures related to the Project; (ii) retain all records (contracts, orders,

invoices, bills, receipts and other documents) evidencing expenditures under the Project until at least the later of one (1) year after the Recipient and the Association have received the audited financial statements covering the period during which the last withdrawal from the Financing Account was made, and two (2) years after the Closing Date; (iii) prepare and furnish to the Recipient and the Association interim unaudited financial reports as provided for in Section II.B of this Schedule; and (iv) have its records, accounts and financial statements audited annually by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association, but in any event not later than six (6) months after the end of the Project Implementing Entity's fiscal year;

(e) the Project Implementing Entity shall enable the Recipient and the Association to inspect the Project, its operation and any relevant records and documents;

(f) the Project Implementing Entity shall permit the Association to make all financial statements audited pursuant to paragraph (d) above available to the public in accordance with the Association's policies on access to information;

(g) the Project Implementing Entity shall maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association and set forth in the POM, the progress of the Project and the achievement of the its objectives;

(h) the Project Implementing Entity shall prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing; and

(i) the Recipient shall have the right to suspend or terminate the right of the Project Implementing Entity to use the proceeds of the Financing, or obtain a refund of all or any part of the amount of the Financing then withdrawn, upon the Project Implementing Entity's failure to perform any of its obligations under the Subsidiary Agreement.

2. The Recipient shall exercise its rights and perform its obligations under the Subsidiary Agreement in such a manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing, and, except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any provision thereof.

B. Project Operational Manual

The Recipient shall ensure that the Project, is carried out in accordance with the arrangements and procedures set out in the Project Operational Manual (provided, however, that in the case of any conflict between the arrangements and procedures set out in the said manual and the provisions of this Agreement, the provisions of this Agreement shall prevail) and, except as the Association shall otherwise agree, shall not amend, abrogate or waive any provision of the said manual.

C. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

D. Environmental and Social Safeguards

1. The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Environmental and Social Management Plan.

2. The Recipient shall ensure that: (a) the safeguard requirements of the ESMP are included in bidding documents and contracts under the Project, in a manner satisfactory to the Association; (b) the contractor(s)' performance of said safeguard requirements is monitored and the results of such monitoring is reported to the Association in accordance with the provisions of this Agreement; and (c) records are properly maintained on the contractor(s)' performance of said safeguard requirements.

3. The Recipient shall ensure that all necessary actions are taken in a manner satisfactory to the Association and in accordance with the ESMP to: (a) avoid or minimize any involuntary acquisition of land resulting in relocation or loss of shelter, loss of assets or access to assets, or loss of income sources or means of livelihood, temporarily or permanently, on account of the execution of the Project; (b) process and document any voluntary land donations in accordance with the principles, requirements and procedures specified in the ESMP; and (c) wherever implementation of the Project would give rise to Displaced Persons, furnish to the Association for its review, Resettlement Action Plans prepared in accordance with the principles, requirements and procedures set forth in the Resettlement Policy Framework included in the ESMP and, thereafter, implement in a manner satisfactory to the Association, such RAPs as shall have been approved by the Association.

4. The Recipient shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, the ESMP and any RAPs prepared in accordance with the ESMP, unless the Association has provided its prior approval thereof in writing, and the Recipient has ensured compliance with the same consultation and

disclosure requirements as applicable to the original adoption of the ESMP and the respective RAPs.

5. Without limitation on its other reporting obligations under this Agreement, the Recipient shall ensure that consolidated reports on the status of compliance with the ESMP and any RAPs prepared in accordance with the ESMP are collected, compiled and furnished to the Association on an annual basis (or such other frequency as may be agreed with the Association), giving details of:

   (a) measures taken in accordance with the ESMP and any RAPs prepared in accordance with the ESMP;

   (b) conditions, if any, which interfere or threaten to interfere with the implementation of the said documents; and

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

6. In the event of any conflict between the provisions of any of the ESMP or any RAPs prepared in accordance with the ESMP, and the provisions of this Agreement, the provisions of this Agreement shall prevail.

E. Contingent Emergency Response

1. In order to ensure the proper implementation of contingent emergency response activities under Part 4 of the Project ("Emergency Response Part"), the Recipient shall ensure that:

   (a) an Emergency Response Manual ("ERM") is prepared and furnished to the Association for its review and approval, which shall set forth detailed implementation arrangements for the Emergency Response Part, including: (i) any special institutional arrangements for coordinating and implementing the Emergency Response Part; (ii) specific activities which may be included in the Emergency Response Part, Eligible Expenditures required therefor ("Emergency Expenditures"), and any procedures for such inclusion; (iii) financial management arrangements for the Emergency Response Part; (iv) procurement methods and procedures for Emergency Response Part; (v) documentation required for withdrawals of Emergency Expenditures; (vi) application of the ESMP and any other relevant safeguard instruments to the Emergency Response Part; and (vii) any other arrangements necessary to ensure proper coordination and implementation of the Emergency Response Part;

   (b) the Association is afforded a reasonable opportunity to review the proposed ERM;

(c) the ERM for the Emergency Response Part is promptly adopted as shall have been accepted by the Association;

(d) the Emergency Response Part is carried out in accordance with the ERM; provided, however, that in the event of any inconsistency between the provisions of the ERM and this Agreement, the provisions of this Agreement shall prevail; and

(e) the ERM is not amended, suspended, abrogated, repealed or waived without prior written approval by the Association.

2. The Recipient shall ensure that no activities are undertaken under the Emergency Response Part, unless and until the following conditions have been met in respect of said activities:

(a) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include said activities in the Emergency Response Part in order to respond to said Eligible Crisis or Emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient and the Project Implementing Entity thereof; and

(b) all safeguard instruments as may be required for said activities have been prepared and disclosed in accordance with the ERM, the Association has approved all such instruments, and the Recipient has ensured the implementation of any actions which are required to be taken under said instruments.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient shall ensure that the progress of the Project is monitored and evaluated and that Project Reports are prepared in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association and specified in the Project Operational Manual. Each Project Report shall cover the period of one calendar year, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

2. The Recipient shall ensure that: (a) on or about the date twenty four (24) months after the Effective Date, a mid-term report is prepared and furnished to the Association, in such detail as the Association shall reasonably request, documenting progress achieved in the carrying out of the Project during the period preceding the date of such report, taking into account the monitoring and

evaluation activities performed pursuant to paragraph 1 of this Part A, and setting out the measures recommended to ensure the continued efficient carrying out of the Project and the achievement of its objectives during the period following such date; and (b) such mid-term report is reviewed with the Association, on or about the date one month after its submission, and thereafter all measures are taken as required to ensure the continued efficient implementation of the Project and the achievement of its objectives, based on the conclusions and recommendations of the mid-term report and the Association's views on the matter.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall ensure that interim unaudited financial reports for the Project, in form and substance satisfactory to the Association, are prepared and furnished to the Association, not later than forty-five (45) days after the end of each six (6) months of the Project Implementing Entity's fiscal year, covering each such period.

3. The Recipient shall have the Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Project Implementing Entity. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. **Goods, Works and Non-consulting Services.** All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association 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.

B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** 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) National Competitive Bidding, subject to the additional provisions set out in paragraph 3 of this Section III.B; (b) Shopping; and(c) Direct Contracting.

3. **Additional NCB Provisions.** The procurement procedure to be followed for National Competitive Bidding shall be based on the public bidding procurement method as defined in the Decree No. 03/PM on Government Procurement of Goods, Construction, Maintenance and Services, dated January 9, 2004 and the Implementing Rules and Regulations, dated March 12, 2004 as amended on May 5, 2009; provided that such procedure shall be subject to the provisions of Section I and Paragraphs 3.3 and 3.4 of the Procurement Guidelines and the following additional provisions:

   (a) Eligibility: The eligibility of bidders to participate in a procurement process and to be awarded a contract financed by the Association shall be as defined under Section I of the Procurement Guidelines; accordingly, no bidder or potential bidder shall be declared ineligible for contracts financed by the Association for reasons other than those provided in Section I of the Procurement Guidelines.

   (b) Domestic Preference: No domestic preference may be applied in bid evaluation on the basis of bidder nationality, the origin of goods, services or labor, and/or preferential programs.

   (c) Registration and Inclusion in the Reference List of Suppliers/Contractors: Registration and inclusion in the reference list shall not be used as a basis for or as a substitute for assessing the bidders' qualifications.

   (d) Bidding Documents: Procuring entities shall use the appropriate standard bidding documents acceptable to the Association, which documents shall be prepared to ensure economy, efficiency, transparency, and broad consistency with the provisions of Section I of the Procurement Guidelines.

(e) Bid Opening: All bids must be opened in public immediately at on the deadline set for the bid submission at the date, time and place stipulated in the tender documents. Bids shall be opened in public, that is, the bidders or their representatives may attend the bid opening. The tender committee shall announce the names of the bidders and the price offered by each bidder. A record of the bid opening shall be prepared and shall contain the names of the bidders, bid price, discounts and the names of persons in attendance and the organizations they represent.

(f) Rejection of Bids and Re-bidding: All bids (or the sole bid if only one bid is received) shall not be rejected, negotiations shall not take place at any time with a bidder, the procurement process shall not be cancelled, or new bids shall not be solicited without the Association's prior written concurrence.

(g) Contract Modifications: With respect to contracts subject to the Association's Prior Review, the Recipient shall obtain the Association's no objection before agreeing to: (i) a material extension of the stipulated time for performance of a contract; (ii) any substantial modification of the contract scope of services or other significant changes to the terms and conditions of the contract; (iii) any variation order or amendment (except in cases of extreme urgency) which, singly or combined with all variation orders or amendments previously issued, increases the original contract amount by more than fifteen percent (15%); or (iv) the proposed termination of the contract. A copy of all signed contract amendments shall be provided to the Association for its record.

(h) Bid and Contract Securities: All bid and contract securities shall be in the format specified in the bidding documents.

(i) Fraud and Corruption: To be deemed acceptable by the Association, the bidding documents and contract shall include provision(s) stating the Association's policy to sanction firms or individuals found to have engaged in fraud and corruption as defined in the Procurement Guidelines.

(j) Inspection and Audit Rights: In accordance with the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Financing shall provide that bidders, suppliers and contractors, and their subcontractors, agents, personnel, consultants, service providers, or suppliers, shall permit the Association to inspect all accounts, records, and other documents relating to the submission of bids and contract performance, and to have them audited by auditors appointed by the Association. Acts intended to materially impede the exercise of the Association's inspection and audit rights provided for in the Procurement Guidelines constitute an obstructive practice as defined in the Procurement Guidelines.

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Least Cost Selection; (c) Selection based on Consultants' Qualifications; (d) Single-source Selection of consulting firms; (e) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (f) Single-source procedures for the Selection of Individual Consultants.

D. Review by the Association of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association.

E. Procurement of Emergency Expenditures under the Emergency Response Part

Notwithstanding any provision to the contrary in this Section, Emergency Expenditures required for activities included in the Emergency Response Part shall be procured in accordance with the procurement methods and procedures set forth in the ERM.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall 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 Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing ("Category"), the allocations of the amounts of the Credit to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consultants' services, Training and Workshops, and Operating Costs under Parts 1, 2 and 3 of the Project	21,400,000	100%
(2) Emergency Expenditures under Part 4 of the Project	0	100%
TOTAL AMOUNT	**21,400,000**	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

(a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed SDR 700,000 may be made for payments made prior to this date but on or after January 1, 2015, for Eligible Expenditures under Category (1); or

(b) for Emergency Expenditures under Category (2), unless and until the Association is satisfied that all of the following conditions have been met in respect of said expenditures:

(i) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include said activities in the Emergency Response Part in order to respond to said crisis or emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof;

(ii) the Recipient has ensured that all safeguards instruments required for said activities have been prepared and disclosed, and the Recipient has ensured that any actions which are required to be taken under said instruments have been implemented, all in

accordance with the provisions of Sections I.D and I.E of this Schedule;

(iii) the entities in charge of coordinating and implementing the Emergency Response Part have adequate staff and resources, in accordance with the provisions of Section I.E of this Schedule, for the purposes of said activities; and

(iv) the Recipient has adopted the ERM, in form and substance acceptable to the Association, and the provisions of the ERM remain - or have been updated in accordance with the provisions of Section I.E of this Schedule 2 so as to be - appropriate for the inclusion and implementation of the Emergency Response Part.

2. The Closing Date is March 31, 2020.

Section V. Other Undertakings

For the purposes of implementation of the Project and the achievement of its objectives, the Recipient shall, in conjunction with the Project Implementing Entity: (a) ensure that the Financial Action Plan is implemented, in a manner consistent with the purposes of the said plan, throughout the period covered by the said plan; and (b) adopt, not later than June 30, 2017, or more frequently if required, an updated Financial Action Plan designed to ensure the continued financial sustainability of EDL and the Recipient's power sector, and thereafter ensure that the said updated plan is implemented, in a manner consistent with the purposes of the said plan, throughout the period covered by the said updated plan.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each May 15 and November 15, commencing November 15, 2021 to and including May 15, 2053	1.5625%

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.

APPENDIX

Definitions

1. "Anti-Corruption Guidelines" means 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.

2. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

3. "Consultant Guidelines" means the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 and revised in July 2014.

4. "Displaced Persons" means any person who, on account of the execution of the Project, has experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such person must move to another location; or (b) the involuntary restriction or access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person.

5. "EDL" means *Electricité du Laos* a state-owned enterprise, established and operating pursuant to the laws of the Recipient.

6. "Eligible Crisis or Emergency" means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Recipient, associated with a natural or man-made crisis or disaster.

7. "Emergency Expenditure" means any of the eligible expenditures set forth in the Emergency Response Manual in accordance with the provisions of Section I.E of Schedule 2 to this Agreement, and required for the Emergency Response Part.

8. "Emergency Response Manual" and "ERM" each means the plan referred to in Section I.E of Schedule 2 to this Agreement, to be adopted for the Emergency Response Part in accordance with the provisions of said Section.

9. "Emergency Response Part" means a specific activity or activities to be carried out in the event of an Eligible Crisis or Emergency under Part 4 of the Project.

10. "Environmental and Social Management Plan" and the acronym "ESMP" each means the Project Implementing Entity's plan dated May 3, 2015, defining details of measures to manage potential environmental and social risks and avoid, minimize and/or mitigate any adverse environmental and social impacts associated with

Project activities, including, *inter alia*, the Environmental Code of Practice, the Resettlement Policy Framework and protocols and procedures for voluntary land donations, together with adequate budget, institutional, monitoring, reporting and grievance redress mechanisms and procedures capable of ensuring proper implementation of, and regular feedback on compliance with, its terms; as said plan may be modified from time to time with the prior written no-objection of the Association, and such term includes any schedules or annexes to such plan.

11. "Environmental Code of Practice" means the code included in the ESMP, setting out measures and procedures to avoid, minimize and/or mitigate any adverse environmental, social, health and safety impacts that may result from the implementation of the Project.

12. "Financial Action Plan" means the plan containing policies and measures for ensuring the financial sustainability of the Project Implementing Entity and the Recipient's power sector during the period from 2013 until the end of 2017, adopted by the Recipient and the Project Implementing Entity and furnished to the Association under letter from the Recipient's Ministry of Finance Ref. No. 0403/MOF/SOEFM, dated March 13, 2015, as the said plan shall be updated pursuant to Section V of Schedule 2 to this Agreement.

13. "General Conditions" means the "International Development Association General Conditions for Credits and Grants", dated July 31, 2010.

14. "Operating Costs" means reasonable costs required for the day-to-day coordination, administration and supervision of Project activities, including leasing and/or routine repair and maintenance of vehicles, equipment, facilities and office premises, fuel, office supplies, utilities, consumables, communication expenses (including postage, telephone and internet costs), translation, printing and photocopying expenses, bank charges, publications and advertising expenses, insurance, Project-related meeting expenses, Project-related travel, subsistence and lodging expenses, and other administrative costs directly related to the Project, but excluding salaries, bonuses, fees and honoraria or equivalent payments of members of the Recipient's civil service.

15. "Procurement Guidelines" means 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 and revised in July 2014.

16. "Procurement Plan" means the Recipient's procurement plan for the Project, dated May 11, 2015 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

17. "Project Implementing Entity" means EDL.

18. "Project Implementing Entity's Regulations" means the Regulations of *Electricité du Laos* approved by the Ministry of Energy and Mines and the Board of Directors of *Electricité du Laos* on December 16, 2009.

19. "Project Operational Manual" and the acronym "POM" each means the Recipient's manual referred to in Section I.B of Schedule 2 to this Agreement, in form and substance satisfactory to the Association, containing detailed arrangements and procedures for: (i) institutional coordination and day-to-day execution of the Project; (ii) disbursement and financial management; (iii) procurement; (iv) environmental and social safeguards management; (v) monitoring, evaluation, reporting and communication; and (vi) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project, as said manual may be modified from time to time with prior approval in writing of the Association, and such term includes any schedules to the Project Operational Manual.

20. "Resettlement Action Plan" and the acronym "RAP" each means any plan to be prepared in accordance with the Resettlement Policy Framework, pursuant to Section I.D of Schedule 2 to this Agreement, each such plan in form and substance satisfactory to the Association, and containing a program of actions, measures and policies for compensation and resettlement of Displaced Persons, including details on the magnitude of displacement, compensation and resettlement arrangements, budget and cost estimates, and sources of funding, together with adequate institutional, monitoring, reporting and grievance redress mechanisms and procedures capable of ensuring proper implementation of, and regular feedback on compliance with its terms; as said plan may be modified from time to time with the prior written no-objection of the Association, and such term includes any schedules or annexes to such plan.

21. "Resettlement Policy Framework" means the framework included in the ESMP, setting out measures and actions to be taken during the implementation of the Project for the provision of compensation, rehabilitation and resettlement assistance to any Displaced Persons, together with adequate institutional, monitoring, reporting and grievance redress mechanisms and procedures capable of ensuring proper implementation of, and regular feedback on compliance with its terms; as said framework may be modified from time to time with the prior written no-objection of the Association, and such term includes any schedules or annexes to such framework.

22. "Selected Load Areas" means electricity load areas served by the Project Implementing Entity's distribution network in Xaythany district of Vientiane capital area and selected for inclusion in the Project as specified in the Project Operational Manual.

23. "Subsidiary Agreement" means the agreement referred to in Section I.A of Schedule 2 to this Agreement pursuant to which the Recipient shall make the proceeds of the Financing available to the Project Implementing Entity.

24. "Subsidiary Loan" means the amount of the Financing to be on-lent by the Recipient to the Project Implementing Entity pursuant to the Subsidiary Agreement.

25. "Training and Workshops" means the reasonable costs of training and workshops under the Project, based on annual budgets approved by the Association, and directly attributable to training seminars, workshops, and study tours, along with travel and subsistence allowances for training participants, course fees, services of trainers, rental of training facilities, preparation, acquisition, distribution and reproduction of training materials, and other activities directly related to the preparation and implementation of training seminars, workshops and study tours.