H.E. Mr. Phouphet Khampouvnong  
Minister of Finance  
Ministry of Finance  
Vientiane, Lao PDR

Excellency:

_Re: Rice Productivity Improvement Project (TF093614) Amendments to the Grant Agreement_

We refer to your letter dated December 1, 2011 requesting the International Development Association (the “World Bank”) to consider the extension of the Closing date of the Grant Agreement between Lao People’s Democratic Republic and the Association for above mentioned project dated March 2, 2009 (“Grant Agreement”) and our discussion during the wrap-up meeting on December 1, 2011 regarding the need to amend the definition of Incremental operating Costs to include reasonable seed processing and transportation cost.

We are pleased to inform you that, after due consideration, the Association concurs with the extension and to revise the definition of Incremental Operating Costs. To give effect to such request, World Bank agrees to amend the Grant Agreement as follows:

1. Section IV.B.2. Schedule 2 of the Grant Agreement is replaced by the following:

   "The Closing Date referred in Section 3.06(c) of the Standard Conditions is June 30, 2012."

2. The definition of "Incremental Operating Costs" in the Appendix to the Grant Agreement is replaced by the following:

   "7. "Incremental Operating Costs" means reasonable expenditures directly related to the Project, incurred by the Recipient (which expenditures would not have been incurred absent the activities), including consumable materials and supplies, communications, mass media and printing services, vehicle rental, operation and maintenance, charges for the opening and operation of bank accounts required for the Project, postage and handling, travel, lodging and per diems, reasonable seed processing and transport cost, but excluding salaries of officials of the recipient’s civil service. This amendment is needed to be able to cover incremental costs associated with the processing of R3 seed in seed stations which will be purchased from seed producer costs under Part 2 of the Project to be distributed free of charge to flood affected farmers and farmer groups under Part 2.”
Except as specifically amended hereby, all other terms and conditions of the Grant Agreement shall remain unchanged and in full force and effect.

It is World Bank’s policy to make publicly available the Grant Agreement and any information related thereto, including this Letter of Amendments.

Please confirm your agreement with the foregoing by signing and dating the enclosed copy of this Letter of Amendments and returning one signed original copy of this letter for our files.

Yours sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: /s/ Annette Dixon
Authorized Representative

AGREEED:
LAO PEOPLE’S DEMOCRATIC REPUBLIC

By: /s/ Phouphet Khamphounvong
Authorized Representative

Name Phouphet KHAMPHOUNVONG
Title Minister of Finance
Date 29 DEC 2011
cc:  H.E. Mr. Vilayvanh Phomkhe  
Minister  
Ministry of Agriculture and Forestry

Dr. Phouang Parisak Pravongvienkham  
Vice Minister  
Ministry of Agriculture and Forestry

Mme. Thipphakone Chanthavongsa  
Director General  
Department of External Finance  
Ministry of Finance

Mme. Sisomboun Ounavong  
Acting Director General  
Department of International Cooperation  
Ministry of Planning and Investment

Mr. Hekinus Manao  
Executive Director for Lao PDR  
World Bank