IDFHP Grant Agreement

(Health Governance and Nutrition Development Project)

between

LAO PEOPLE’S DEMOCRATIC REPUBLIC

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
AND INTERNATIONAL DEVELOPMENT ASSOCIATION
(Acting as administrator of the Integrating Donor-Financed Health Programs
Multi-Donor Trust Fund)
IDFHP GRANT AGREEMENT

AGREEMENT between the LAO PEOPLE'S DEMOCRATIC REPUBLIC ("Recipient") and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT and INTERNATIONAL DEVELOPMENT ASSOCIATION (collectively, "World Bank"), acting as administrator of the Integrating Donor-Financed Health Programs Multi-Donor Trust Fund ("IDFHP").

WHEREAS (A) under the Financing Agreement Providing Additional Financing and Amending and Restating the Original Financing Agreement for the Health Governance and Nutrition Development Project to be entered into between the Recipient and the International Development Association ("Association") ("Financing Agreement"), the Association intends to provide the Recipient with a grant and credits to assist in financing the Project described in Schedule 1 to the Financing Agreement;

(B) the Recipient has requested the World Bank to extend a grant from the IDFHP as provided in Section 3.01 of this Agreement, to assist in financing Parts 2 and 4 of the Project;

(C) under the Grant Agreement to be entered into between the Recipient and the Association, acting as administrator of the Japan Policy and Human Resources Development Fund ("PHRD") ("PHRD Grant Agreement"), the Association intends to provide the Recipient with a grant from the PHRD ("PHRD Grant") in an amount equivalent to one million United States Dollars ($1,000,000) to assist in financing Part I of the Project; and

WHEREAS the World Bank has agreed, on the basis, inter alia, of the foregoing, to extend a grant from the IDFHP to the Recipient upon the terms and conditions set forth in this Agreement;

NOW THEREFORE, the Recipient and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions


1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions, this Agreement (including the Preamble hereeto), and the Appendix to the Financing Agreement, as the case may be.
Article II
The Project

2.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project through the MOH in accordance with the provisions of Article II of the Standard Conditions and Schedule 2 to this Agreement.

Article III
The Grant

3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to four million Dollars ($4,000,000) ("Grant") to assist in financing Parts 2 and 4 of the Project.

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

3.03. The Grant is funded out of the IDFHP for which the World Bank receives periodic contributions from the donors to the IDFHP. In accordance with Section 3.02 of the Standard Conditions, the World Bank's payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the donors under the IDFHP, and the Recipient's right to withdraw the Grant proceeds is subject to the availability of such funds.

Article IV
Remedies of the World Bank

4.01. The Additional Event of Suspension is that the PHRD Grant Agreement has failed to become effective by January 31, 2018, or such later date as the World Bank has established by notice to the Recipient; provided, however, that the provisions of this Section shall not apply if the Recipient establishes to the satisfaction of the World Bank that adequate funds for Part I of the Project are available from other sources on terms and conditions consistent with its obligations under this Agreement or if the World Bank agrees to restructure the Project.

Article V
Effectiveness; Termination

5.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the conditions specified below have been satisfied:

(a) The execution and delivery of this Agreement on behalf of the Recipient have been duly authorized or ratified by all necessary governmental action.
(b) The Financing Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.

5.02. As part of the evidence to be furnished pursuant to Section 5.01 (a), there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank or, if the World Bank so requests, a certificate satisfactory to the World Bank of a competent official of the Recipient, showing on behalf of the Recipient, that this Agreement has been duly authorized or ratified by, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms.

5.03. Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 5.01 ("Effective Date"). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

5.04. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date ninety (90) days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

Article VI
Recipient's Representative; Addresses

6.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its Minister at the time responsible for finance.

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

Ministry of Finance
23rd Singha Road
Saysettha District
Vientiane
Lao PDR
Facsimile:
856-21-412142
E-mail:
Chanthavongsa.t@gmail.com

6.03. 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

Facsimile:
1-202-477-6391

E-mail:
Egoldstein@worldbank.org
AGREED as of the later of the two signature dates below:

LAO PEOPLE'S DEMOCRATIC REPUBLIC

By

Authorized Representative

Name: Thipphakone CHANTHAVONGSA
Title: Deputy Minister of Finance
Date: 06 NOV 2017

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT AND INTERNATIONAL DEVELOPMENT ASSOCIATION Acting as administrator of the Integrating Donor-Financed Health Programs Multi-Donor Trust Fund

By

Authorized Representative

Name: Ellen A. GOLDSTEIN
Title: Country Director
Date: 06 NOV 2017
SCHEDULE 1

Project Description

The objective of the Project is to help increase coverage of reproductive, maternal and child health, and nutrition services in target areas in the Recipient’s territory, and to provide immediate and effective response in case of an Eligible Crisis or Emergency.

The Project consists of the parts described in Schedule 1 to the Financing Agreement.
SCHEDULE 2

Project Execution

Section I. Implementation Provisions

A. General

Section I (Implementation Arrangements) of Schedule I to the Financing Agreement is hereby incorporated by reference and shall apply, mutatis mutandis, to this Agreement, and the Recipient undertakes to comply with the provisions thereof to the same extent as if such provisions had been set out in full in this Agreement, provided that for the purposes of this Agreement: (1) the references to the “Financing” in said Sections shall be construed as references to the Grant provided for under this Agreement; and (2) the references to the “Association” in said Sections shall be construed as references to the World Bank;

B. Anti-Corruption

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

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

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 indicators acceptable to the World Bank and specified in the Project Operations Manual. Each Project Report shall each semester of the Fiscal Year, and shall be furnished to the World Bank not later than forty-five (45) days after the end of the semester.

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 2.07 of the Standard Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the World Bank, as part of the Project Reports, not later than forty-five (45) days after the end of each semester of the Fiscal Year, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the World Bank.
3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each audit of the Financial Statements shall cover the period of one (1) Fiscal Year. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

Section III. Procurement

All goods, works, non-consulting services and consulting 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 the Procurement Regulations.

Section IV. Withdrawal of the Proceeds of the Grant

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of Article III of the Standard Conditions, this Section, and such additional instructions as the World Bank shall specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated February 2017, 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 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 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:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Eligible Expenditure Programs under Part 2 of the Project</td>
<td>3,500,000</td>
<td>100% of the DLI Values to be financed out of the proceeds of the Grant as specified in Schedule 4 to the Financing Agreement</td>
</tr>
<tr>
<td>(2) Goods, non-consulting services, consulting services, Training and Workshops,</td>
<td>500,000</td>
<td>100% of the share of expenditures to be financed from the Grant as specified in the respective</td>
</tr>
</tbody>
</table>

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 $800,000 equivalent may be made for payments made prior to this date but on or after October 1, 2016, for Eligible Expenditures under Categories (1) and (2), subject to the requirements referred to in paragraph (b) below in respect of Category (1); or

   (b) for Eligible Expenditure Programs under Category (1), unless and until the Recipient has:

      (i) furnished evidence satisfactory to the World Bank in accordance with the verification protocol set forth in the Project Operations Manual that the Recipient has achieved the respective DLI Targets set forth in Schedule 4 to the Financing Agreement against which withdrawal is requested; and

      (ii) complied with the additional instructions referred to in Section IV.A of this Schedule, including furnished to the World Bank the applicable interim unaudited financial reports documenting the incurrence of Eligible Expenditure Programs during the respective DLI period up to the date against which withdrawal is requested.

2. Notwithstanding the provisions of Parts A and B.1(b) of this Section, the amount of the Grant to be withdrawn upon the verified achievement of any DLI Target shall correspond to the DLI Value of such DLI Target as set forth in Schedule 4 to the Financing Agreement, subject to the percentage of financing set out in the withdrawal table in Part A.2 of this Section.

3. Notwithstanding the provisions of Part B.1(b) of this Section, if the World Bank shall determine, based on the evidence furnished by the Recipient under Part B.1 of this Section, that:
(a) any scalable DLI Target has been partially achieved, the World Bank may in its sole discretion authorize the withdrawal of a portion of the amount of the Grant then allocated to said DLI Target, calculated on a pro rata basis in accordance with the provisions of the Project Operations Manual; and

(b) any DLI Target has not been fully achieved by its DLI Target Achievement Date, the World Bank may in its sole discretion, by notice to the Recipient:

(i) withhold in whole or in part the amount of the Grant allocated to such DLI Target;

(ii) roll-over and disburse in whole or in part the withheld amount of the Grant allocated to such DLI Target at any later time prior to the Closing Date, if and when the World Bank shall be satisfied that corresponding DLI Target(s) for any subsequent year (if applicable) have been fully achieved or exceed, as further specified in the Project Operations Manual;

(iii) reallocate in whole or in part any withheld amount of the Grant allocated to such DLI Target in accordance with the terms of this Agreement and the provisions of the Project Operations Manual; and/or

(iv) cancel in whole or in part any withheld amount of the Grant allocated to such DLI Target.

4. The Closing Date is December 31, 2020.