H.E. Mr. Phouphet Khamphounvong  
Minister of Finance  
Ministry of Finance  
23 Singha Road  
Nongbone Village  
Saysettha District  
Vientiane, Lao PDR  

Re: GFDRR Grant for Building Resilience to Natural Disasters Project  
GFDRR Grant No. TF 015147  

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 Bank for Reconstruction and Development/International Development Association ("World Bank"), acting as administrator of grant funds provided by various donors ("Donors") under the Global Facility for Disaster Reduction and Recovery ("GFDRR") Trust Fund, proposes to extend to the Recipient a grant in an amount not to exceed six hundred forty thousand United States Dollars (U.S.$640,000) ("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.  

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.

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Constantine Chikosi
Country Director, South East Asia
(Cambodia, Laos PDR, Malaysia, Myanmar, Thailand)
East Asia and Pacific Region

AGREED:

LAO PEOPLE’S DEMOCRATIC REPUBLIC

By:

Authorized Representative

Name: SANTIPHAB PHOMVICHYAN
Title: VICE MINISTER
Date: JAN 27, 2014

Enclosures:

(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated February 15, 2012 ("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.

Article II
Project Execution

2.01. **Project Objectives and Description.** The objectives of the Project is to enhance the disaster risk management capacity of the Recipient by strengthening the legal framework for hydro-meteorological services, enhancing post-disaster recovery systems, and improving the disaster risk financing planning. The Project consists of the following parts:

**Part A:** Developing Legal Framework for Hydro-Meteorological Services

Provision of technical assistance in developing a legal framework for hydro-meteorological services validated by the Ministry of Natural Resources and Environment and prepared for endorsement by the Recipient, including consultation, workshops, and dissemination.

**Part B:** Establishing a Value for Money Strategy and Monitoring System for Disaster Reconstruction

Provision of technical assistance in strengthening the Recipient’s ability to plan and monitor post-disaster recovery and reconstruction, using systematic approach applied to reconstruction programs, assessing key elements, aimed to increase transparency, cost-efficiency, and effectiveness of reconstruction efforts in line with the Recipient’s core development priorities, including training, workshops, and dissemination.

**Part C:** Strengthening the Disaster Risk Financing and Insurance Framework

Provision of training and workshops, with local and wider stakeholder participation, on coverage selection and the development of disaster risk financing strategy and insurance framework.

**Part D:** Project Management and Administration

Support for overall implementation and supervision of the project and development of procedures in carrying out of the Project.

2.02. **Project Execution Generally.** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through its Ministry of
Planning and Investment 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.

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, take all measures required on its part to 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 semester, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.

(b) The performance indicators referred to above in paragraph (a) consist of the following:

1. Legal framework for hydro-meteorological services validated by MONRE and prepared for government endorsement.

2. Value for Money Strategy developed and monitoring system for post disaster expenditures delivered and operational.

3. Capacity of government officials on different levels increased in hydro-meteorological systems, recovery planning, and disaster risk financing.

(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 as part of the Project Report not later than forty-five (45) 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. Each such audit of the Financial
Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each 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 and 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:

(1) Section I (excluding paragraph 1.16) of the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” published by the World Bank in January 2011 (“Procurement Guidelines”), in the case of goods and non-consulting services;

(2) Sections I (excluding paragraph 1.23) 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

(3) 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 the Procurement Guidelines or the Consultant Guidelines, as the case may be.

(c) Particular Methods of Procurement of Goods and Non-consulting Services

Goods and non-consulting services shall be procured under contracts awarded on the basis of Shopping.

(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, other than Quality- and Cost-based Selection, may be used for the procurement of consultants’ services for those assignments 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) Selection of Individual Consultants; and (F) Single-source procedures for the 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:

<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) Goods, Consultants’ services, Training and Workshops, and Incremental Operating Costs</td>
<td>640,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>640,000</td>
<td></td>
</tr>
</tbody>
</table>

For the purpose of this Section, the terms: (i) “Training and Workshops” means the costs associated with training and workshop participation of personnel involved in the implementation of the Project, including travel and subsistence costs for training and workshops participants, costs associated with securing the services of trainers and workshop speakers, rental of training and workshop facilities, preparation, reproduction and dissemination of training and workshop materials, and other costs directly related to training courses and workshop preparation and implementation; and (ii) “Incremental Operating Costs” means reasonable expenditures directly related to the Project incurred by the Recipient, on account of implementation, management and coordination, monitoring and evaluation of the Project, including expenditure on travel, lodging and per diems, consumable materials, office supplies, communication services (including postage handling, telephone and internet costs), bank charges, mass media and printing services, translation, operations and maintenance of office equipment, and translation.
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 August 31, 2016.

### 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 the 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  
   Nongbone Village  
   Saysettha District  
   Vientiane, Lao PDR

   Facsimile: 856-21-412142

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: INTBAFRAD  
   Telex: INDEVAS 248423 (MCI) or 64145 (MCI)  
   Facsimile: 1-202-477-6391