August 30, 2017

H.E. Mr. Somdy Douangdy
Deputy Prime Minister and Minister of Finance
Ministry of Finance
23 Singha Road
P.O. Box 46
Vientiane, Lao PDR

Re: Southeast Asia Disaster Risk Insurance Facility Program Multi-Donor Trust Fund Grant No. TFOA5033
Lao PDR Southeast Asia Disaster Risk Management Project
Letter Agreement

Excellency:

In response to the request for financial assistance made on behalf of the 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 under the Southeast Asia Disaster Risk Insurance Facility Program Multi-Donor Trust Fund, proposes to extend to the Recipient a grant in an amount not to exceed one million United States Dollars (USD 1,000,000) ("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 Part 3.1 of the project described in Schedule 1 to the Financing Agreement ("Project") of even date herewith between the Recipient and the International Development Association ("Financing Agreement").

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from various donors. 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 donors 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 Part 3.1 of 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 BANK FOR RECONSTRUCTION AND DEVELOPMENT/INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Jean-Christophe Carret
Country Manager
Lao People's Democratic Republic
East Asia and Pacific Region

AGREED:

LAO PEOPLE'S DEMOCRATIC REPUBLIC

By

Authorized Representative

Name: Thipphakone CHANTHAVONGSA
Title: Deputy Minister of Finance
Date: 30 AUG 2017

Enclosures:

(2) Disbursement Letter of the same date as this Agreement, together with the "Disbursement Guidelines for Investment Project Financing", dated February 2017
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, in this Agreement, or in the Financing Agreement.

### Article II

#### Project Execution

2.01. **Project Objective and Description.** The objective of the Project is to reduce the impacts of flooding in Muang Xay and enhance the Recipient's capacity to facilitate hydro-meteorological services and disaster response. The Project consists of the parts described in Schedule 1 to the Financing Agreement.

2.02. **Project Execution Generally.** Section I (Implementation Arrangements), Section II (Project Monitoring, Reporting and Evaluation) and Section III (Procurement) of Schedule 2 to the Financing Agreement are 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; (2) the references to the “Association” in said Sections shall be construed as references to the World Bank; (3) the reference to Section 4.08 of the General Conditions in Section II.A of Schedule 2 to the Financing Agreement shall be construed as reference to Section 2.06 of the Standard Conditions; and (4) the references to Section 4.09 and 4.09 (b) of the General Conditions in Section II.B of Schedule 2 to the Financing Agreement shall be construed as references to Section 2.07 and 2.07 (b) of the Standard Conditions.

### 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) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “Disbursement Guidelines for Investment Project Financing” 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 100% of Eligible Expenditures consisting of goods, consultants’ services, non-consulting services, Training and Workshops, and Operating Costs under Part 3.1 of the Project inclusive of Taxes.

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 this Agreement, except that withdrawals up to an aggregate amount not to exceed $200,000 may be made for payments made prior to this date but on or after May 25, 2017, for Eligible Expenditures.
3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 30, 2022.

**Article IV**

**Effectiveness; Termination**

4.01. **Condition of effectiveness.** This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that 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.

4.02. **Effective Date.** 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.

4.03. **Termination for Failure to Become Effective.** 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 V**

**Recipient’s Representative; Addresses**

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

5.02. **Recipient’s Address.** 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

5.03. **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  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America
H.E. Mr. Somdy Douangdy

Facsimile:
1-202-477-6391