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

Excellency:

Re: IDA Financing No. H852-LA  
(Scaling-Up Participatory Sustainable Forest Management Project)  
Additional Instructions: Disbursement

I refer to the Financing Agreement between the Lao People’s Democratic Republic (the “Recipient”) and the International Development Association (the “Association”) for the above-referenced project, dated 1.9.2013. The Agreement provides that the Association may issue additional instructions regarding the withdrawal of the proceeds of Financing No. H852-LA (“Financing”). This letter (“Disbursement Letter”), as revised from time to time, constitutes the additional instructions.

The attached World Bank Disbursement Guidelines for Projects, dated May 1, 2006, (“Disbursement Guidelines”) (Attachment 1), are an integral part of the Disbursement Letter. The manner in which the provisions in the Disbursement Guidelines apply to the Financing is specified below. Sections and subsections in parentheses below refer to the relevant sections and subsections in the Disbursement Guidelines and, unless otherwise defined in this letter, the capitalized terms used have the meanings ascribed to them in the Disbursement Guidelines.

I. Disbursement Arrangements

(i) Disbursement Methods (section 2). The following Disbursement Methods may be used under the Financing:

- Reimbursement
- Advance
- Direct Payment
- Special Commitment

(ii) Disbursement Deadline Date (subsection 3.7). The Disbursement Deadline Date is four (4) months after the Closing Date specified in the Financing Agreement. Any changes to this date will be notified by the Association.
II. Withdrawal of Financing Proceeds

(i) Authorized Signatures (subsection 3.1). Applications for this Financing will be signed by the official(s) authorized to sign Applications as indicated in the letters dated April 13, 2007 signed by H.E. Chansy Phosikham and the Supplementary Authorization Letter for Electronic Disbursement dated March 19, 2012 signed by Dr. Viengthong Siphandone. Please notify the Association promptly should there be any change in the authorized officials in this regard.

(ii) Applications (subsections 3.2 - 3.3). Please provide completed and signed (a) applications for withdrawal, together with supporting documents and (b) applications for special commitments, together with a copy of the commercial bank letter of credit, to the address indicated below:

The World Bank
26th Floor, One Global Place
5th Avenue corner 25th Street
Bonifacio Global City
Taguig City, Philippines 1634

Attention: Loan Department

(iii) Electronic Delivery (subsection 3.4) The Association may permit the Recipient to electronically deliver to the Association Applications (with supporting documents) through the Association’s Client Connection, web-based portal. The option to deliver Applications to the Association by electronic means may be effected if: (a) the Recipient has designated in writing, pursuant to the terms of subparagraph (i) of this Section, its officials who are authorized to sign and deliver Applications and to receive secure identification credentials (“SIDC”) from the Association for the purpose of delivering such Applications by electronic means; and (b) all such officials designated by the Recipient have registered as users of Client Connection. If the Association agrees, the Association will provide the Recipient with SIDC for the designated officials. Following which, the designated officials may deliver Applications electronically by completing Form 2380, which is accessible through Client Connection (https://clientconnection.worldbank.org). The Recipient may continue to exercise the option of preparing and delivering Applications in paper form. The Association reserves the right and may, in its sole discretion, temporarily or permanently disallow the electronic delivery of Applications by the Recipient.

(iv) Terms and Conditions of Use of SIDC to Process Applications. By designating officials to use SIDC and by choosing to deliver the Applications electronically, the Recipient confirms through the authorized signatory letter its agreement to: (a) abide by the Terms and Conditions of Use of Secure Identification Credentials in connection with Use of Electronic Means to Process Applications and Supporting Documentation (“Terms and Conditions of Use of Secure Identification Credentials”) provided in Attachment 2; and (b) to cause such official to abide by those terms and conditions.

(v) Minimum Value of Applications (subsection 3.5). The Minimum Value of Applications for reimbursement, direct payment and special commitment is US$ 300,000.

(vi) Advances (sections 5 and 6).

- **Type of Designated Account (subsection 5.3):** Pooled. One pooled designated account will be established for the Project and managed by the National Treasury of the Ministry of Finance.

- **Currency of Designated Account (subsection 5.4):** US$. 

2
• Financial Institution at which the Designated Account Will Be Opened (subsection 5.5): Bank of Lao PDR or any other institution acceptable to the Association.

• Ceiling (subsection 6.1): Total combined ceiling of USD2,500,000 which includes i) individual ceiling of US$ 1,000,000 to be advanced under TF 015286 and ii) individual ceiling of USD 1,500,000 to be advanced under IDA H852. During implementation, these individual ceilings may be revised from time to time based on project needs but should be at all times within the combined ceiling of USD 2,500,000.

III. Reporting on Use of Financing Proceeds

(i) Supporting Documentation (section 4). Supporting documentation should be provided with each application for withdrawal as set out below:

• For requests for Reimbursement:
  o List of payments against contracts that are subject to the Association’s prior review, in the form attached (Attachment 3), together with records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices); and
  o Statement of Expenditure in the form attached (Attachment 4) for all other expenditures/contracts that are not subject to the Association’s prior review.

• For reporting eligible expenditures paid from the Designated Account:
  o List of payments against contracts that are subject to the Association’s prior review, in the form attached (Attachment 3), together with records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices);
  o Statement of Expenditure in the form attached (Attachment 4) for all other expenditures/contracts that are not subject to the Association’s prior review; and
  o A Designated Account Reconciliation Statement in the form attached (Attachment 5) and related bank statement.

• For requests for Direct Payment: Records evidencing eligible expenditures, e.g., copies of receipts, supplier invoices


IV. Other Disbursement Instructions: Further advances from the Designated Account to other accounts of the Project are allowed, as long as such further advances are accounted for within reasonable period of time or not to exceed 90 days.

V. Other Important Information

If you have not already done so, the Association recommends that you register as a user of the Client Connection website (https://clientconnection.worldbank.org). From this website you will be able to prepare and deliver Applications, monitor the near real-time status of the Financing, and retrieve related policy, financial, and procurement information. All Recipient officials authorized to sign and deliver Applications by electronic means are required to register with Client Connection before electronic delivery can be effected. For more information about the website and registration arrangements, please contact the Association by email at <clientconnection@worldbank.org>.

If you have any queries in relation to the above, please contact Tony Shen, Senior Finance Officer, at loaeap@worldbank.org or Carmenchu Austriaco at caustriaco@worldbank.org using the above reference.

Yours sincerely,

[Signature]
Constantino Kosi
Acting Country Director, Lao PDR
East Asia and Pacific Region

Attachments
1. World Bank Disbursement Guidelines for Projects, dated May 1, 2006
3. Form of Payments Against Contracts Subject to the Association’s Prior Review
4. Form of Statement of Expenditure
5. Form of Designated Account Reconciliation Statement
Mr. Khamphay Manivong
Deputy Director General
Department of Forestry
Ministry of Agriculture and Forestry
Thad Dum, P.O. Box 2932
Vientiane, Lao PDR
Mobile: (+856) 020 55513138
Tel: (+856) 021 215000
Fax: (+856) 021 217483
Email: khamphay.dof@gmail.com
Terms and Conditions of Use of Secure Identification Credentials
in connection with Use of Electronic Means
to Process Applications
and Supporting Documentation

March 1, 2013

The World Bank (Bank)\(^1\) will provide secure identification credentials (SIDC) to permit the Borrower\(^2\) to deliver applications for withdrawal and applications for special commitments under the Agreement(s) and supporting documentation (such applications and supporting documentation together referred to in these Terms and Conditions of Use as Applications) to the Bank electronically, on the terms and conditions of use specified herein.

SIDC can be either: (a) hardware-based (Physical Token), or (b) software-based (Soft Token). The Bank reserves the right to determine which type of SIDC is most appropriate.

A. Identification of Users.

1. The Borrower will be required to identify in a completed Authorized Signatory Letter (ASL) duly delivered to and received by the Bank each person who will be authorized to deliver Applications. The Bank will provide SIDC to each person identified in the ASL (Signatory), as provided below. The Borrower shall also immediately notify the Bank if a Signatory is no longer authorized by the Borrower to act as a Signatory.

2. Each Signatory must register as a user on the Bank’s Client Connection (CC) website (https://clientconnection.worldbank.org) prior to receipt of his/her SIDC. Registration on CC will require that the Signatory establish a CC password (CC Password). The Signatory shall not reveal his/her CC Password to anyone or store or record the CC Password in written or other form. Upon registration as a CC user, the Signatory will be assigned a unique identifying account name.

B. Initialization of SIDC.

1. Prior to initialization of SIDC by a Signatory, the Signatory will acknowledge having read, understood and agreed to be bound by these Terms and Conditions of Use.

2. Where a Physical Token is to be used, promptly upon receipt of the Physical Token, the Signatory will access CC using his/her account name and CC Password and register his/her Physical Token and set a personal identification number (PIN) to be used in connection with the use of his/her Physical Token, after which the Physical Token will be initialized for use by the Signatory

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\(^1\) “Bank” includes IBRD and IDA.

\(^2\) “Borrower” includes the borrower of an IBRD loan, IDA credit, or Project Preparation Facility advance and the recipient of a grant.
exclusively for purposes of delivering Applications. Where a Soft Token is to be used, the Signatory will access CC using his/her account name and CC Password and set a personal identification number (PIN) to be used in connection with the use of his/her Soft Token, after which the Soft Token will be initialized for use by the Signatory exclusively for purposes of delivering Applications. Upon initialization of the SIDC, the Signatory will be a “SIDC User”. The Bank will maintain in its database a user account (Account) for each SIDC User for purposes of managing the SIDC of the SIDC User. Neither the Borrower nor the SIDC User will have any access to the Account.

3. Prior to first use of the SIDC by the SIDC User, the Borrower shall ensure that the SIDC User has received training materials provided by the Bank in use of the SIDC.

C. Use of SIDC.

1. Use of the SIDC is strictly limited to use in the delivery of Applications by the SIDC User in the manner prescribed by the Bank in the Agreement(s) and these Terms and Conditions. Any other use of the SIDC is prohibited.

2. The Bank assumes no responsibility or liability whatsoever for any misuse of the SIDC by the SIDC User, other representatives of the Borrower, or third parties.

3. The Borrower undertakes to ensure, and represents and warrants to the Bank (such representation and warranty being expressly relied upon by the Bank in granting SIDC) that each SIDC User understands and will abide by, these Terms and Conditions of Use, including without limitation the following:

4. Security

4.1. The SIDC User shall not reveal his/her PIN to anyone or store or record the PIN in written or other form.

4.2. The SIDC User shall not allow anyone else to utilize his/her SIDC to deliver an Application to the Bank.

4.3. The SIDC User shall always logout from CC when not using the system. Failure to logout properly can create a route into the system that is unprotected.

4.4. If the SIDC User believes a third party has learned his/her PIN or has lost his/her Physical Token he/she shall immediately notify clientconnection@worldbank.org.

4.5. The Borrower shall immediately notify the Bank at clientconnection@worldbank.org of any lost, stolen or compromised SIDC, and take other reasonable steps to ensure such SIDC are disabled immediately.

5. Reservation of Right to Disable SIDC

5.1. The Borrower shall reserve the right to revoke the authorization of a SIDC User to use a SIDC for any reason.
5.2. The Bank reserves the right, in its sole discretion, to temporarily or permanently disable a SIDC, de-activate a SIDC User’s Account or both.

6. **Care of Physical Tokens**

6.1. Physical Tokens will remain the property of the Bank.

6.2. The Bank will physically deliver a Physical Token to each Signatory designated to receive one in a manner to be determined by and satisfactory to the Bank.

6.3. Physical Tokens contain delicate and sophisticated instrumentation and therefore should be handled with due care, and should not be immersed in liquids, exposed to extreme temperatures, crushed or bent. Also, Physical Tokens should be kept more than five (5) cm from devices that generate electromagnetic radiation (EMR), such as mobile phones, phone-enabled PDAs, smart phones and other similar devices. Physical Tokens should be carried and stored separate from any EMR device. At close range (less than 5 cm), these devices can output high levels of EMR that can interfere with the proper operation of electronic equipment, including the Physical Token.

6.4. Without derogating from these Terms and Conditions of Use, other technical instructions on the proper use and care of Physical Tokens are available at http://www.rsa.com.

7. **Replacement**

7.1. Lost, damaged, compromised (in terms of 4.5, above) or destroyed Physical Tokens will be replaced at the expense of the Borrower.

7.2. The Bank reserves the right, in its sole discretion, not to replace any Physical Token in the case of misuse, or not to reactivate a SIDC User’s Account.
Scaling-Up Participatory Sustainable Forest Management Project
Interim Unaudited Financial Reports
Quarter ended ...............
side)
## Scaling-Up Participatory Sustainable Forest Management Project

### Statement of Sources and Uses of Funds

#### Quarter ended ………

<table>
<thead>
<tr>
<th>Receipts</th>
<th>Current Quarter</th>
<th>Cumulative to Current Quarter</th>
<th>Budget</th>
<th>Variance</th>
<th>PAD</th>
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<td>Actual</td>
<td>Year to date</td>
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<td>Cumulative to current year</td>
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<td>Cumulative to current year</td>
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<td>Project Life of</td>
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<th>Expenditure by project component</th>
<th>Actual</th>
<th>Budget</th>
<th>Variance</th>
<th>PAD</th>
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<tr>
<td>Component 1: Strengthening and Expanding PSFM in Production Forest Areas</td>
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<td>Component 2: Piloting Forest Landscape Management</td>
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<td>Component 3: Enabling Legal and Regulatory Environment</td>
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<td>Component 4: Project Management</td>
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<th>Total receipts</th>
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**Excess/(deficit) receipts over payments**

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<th>Opening funds balance</th>
<th>Actual</th>
<th>Budget</th>
<th>Variance</th>
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<td>Cash at Bank</td>
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<td>Advance payments</td>
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<td>Petty Cash</td>
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<th>Total opening funds balance</th>
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<th>Closing funds balance</th>
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<td>Cash at Bank</td>
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<td>Advance payments</td>
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<td>Petty Cash</td>
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<th>Check (all should zero)</th>
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<th>Budget</th>
<th>Variance</th>
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## Scaling-Up Participatory Sustainable Forest Management Project

### Physical Progress Report

Quarter ended ...............  

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<tr>
<th>Component/Activity No.</th>
<th>Project Component/Activity/Output</th>
<th>Total project life</th>
<th>Cumulative to date (Actual) Units of Costs</th>
<th>Actual as a % of total planned for project life</th>
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<td>Units of output</td>
<td>Total Cost</td>
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Scaling-Up Participatory Sustainable Forest Management Project
Procurement Tracking Report
Quarter ended ................

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<th>No.</th>
<th>Item Description</th>
<th>Date of purchase</th>
<th>Cost</th>
<th>Serial number</th>
<th>Asset identification number</th>
<th>Location</th>
<th>Responsible user</th>
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Total
Total cost per accounting records

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