Project Agreement

(Lao Uplands Food Security Improvement Project)

among

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

INTERNATIONAL DEVELOPMENT ASSOCIATION, acting as administrator of the European Union Food Crisis Rapid Response Facility Trust Fund

and

POVERTY REDUCTION FUND

Dated June 4, 2010
PROJECT AGREEMENT

Agreement dated June 4, 2010 entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and INTERNATIONAL DEVELOPMENT ASSOCIATION, acting as acting as administrator of the European Union Food Crisis Rapid Response Facility Trust Fund (the “Administrator”) (hereinafter collectively the “Bank”), and POVERTY REDUCTION FUND (“Project Implementing Entity”) (“Project Agreement”) in connection with (i) the Financing Agreement (“Financing Agreement”) of same date between LAO PEOPLE’S DEMOCRATIC REPUBLIC (“Recipient”) and the Association and (ii) the Co-financing Agreement (the European Community Trust Fund Grant Agreement) of same date between LAO PEOPLE’S DEMOCRATIC REPUBLIC (“Recipient”) and the Administrator. The Bank and the Project Implementing Entity hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined and modified in the Appendix to the Financing Agreement) and the Standard Conditions for Grants dated July 1, 2008 (referred to in Section 1.01 of the Co-financing Agreement), constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in the Project Agreement have the meanings ascribed to them in the Financing Agreement, the Co-financing Agreement (the European Community Trust Fund Grant Agreement) or the General Conditions.

ARTICLE II — PROJECT

2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall carry out the Project in accordance with the provisions of Article IV of the General Conditions, and shall provide promptly as needed, the funds, facilities, services and other resources required for the Project.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Bank and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out the Project in accordance with the provisions of the Schedule to this Agreement.
ARTICLE III — TERMINATION

3.01. For purposes of Section 8.05(c) of the General Conditions, the date on which the provisions of this Agreement shall terminate is twenty years (20) after the date of this Agreement.

ARTICLE IV — REPRESENTATIVE; ADDRESSES

4.01. The Project Implementing Entity’s Representative is its Executive Director.

4.02. The Association’s Address is:

International Development Association
1818 H Street, NW
Washington, DC 20433
United States of America

Cable: INDEVAS
Telex: 248423(MCI)
Facsimile: 1-202-477-6391
Washington, D.C.

4.03. The Project Implementing Entity’s Address is:

Poverty Reduction Fund
Souphanouvong Road
Chanthabouly District
Vientiane, Lao PDR

Telephone: +856 21 261 480
Facsimile: +856 21 261 481
AGREED at Vientiane, Lao People’s Democratic Republic, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Annette Dixon

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION acting as Administrator of Grant Funds provided by the European Community represented by the Commission of the European Communities

By /s/ Annette Dixon

Authorized Representative

POVERTY REDUCTION FUND

By /s/ Sivixay Saysanavongphet

Authorized Representative
SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Implementation Arrangements

1. The Project Implementing Entity shall enter into the Subsidiary Agreement with the Recipient, which shall include, *inter alia*, the provisions set out in Section I.B of Schedule 2 to the Financing Agreement.

2. The Project Implementing Entity shall:

   (a) from time to time update the PRF Operations Manual to ensure coordination in provision of agricultural infrastructure under Part 3.2 within three (3) months of the Effective Date; and

   (b) implement Part 3 of the Project in accordance with the PRF Operations Manual.

3. The Project Implementing Entity shall not amend, waive, cancel, or abrogate any of the provisions of the PRF Operations Manual without the prior consent of the Association.

C. Anti-Corruption

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

D. Safeguards

1. The Project Implementing Entity shall implement Part 3 of the Project in accordance with the Environmental and Social Management Framework, including the provisions on Ethnic Groups set forth therein.

2. Except as the Association shall otherwise agree, the Recipient shall not amend or waive any provision of the Environmental and Social Management Framework if, in the opinion of the Association, such amendment or waiver may materially and adversely affect the implementation of Part 3 of the Project.

3. The Recipient shall ensure that activities financed under Part 3 of the Project shall not involve any land acquisition or involuntary resettlement of the local
population and/or businesses. In the event that any land is required for the Project or any resettlement is to be carried out, the Recipient shall, in consultation with the Association, ensure that such land shall be obtained and such resettlement carried out in accordance with plans agreed with the Association and set out in the Environmental and Social Management Framework.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Project Implementing Entity shall monitor and evaluate the progress of Part 3 of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators agreed with the Association. Each such Project Report shall cover the period of one (1) calendar quarter, and shall be furnished to the Recipient not later than forty (40) days after the end of the period covered by such report, in form and substance satisfactory to the Recipient, for incorporation and forwarding by the Recipient to the Association of the overall Project Report.

2. Notwithstanding paragraph A.1 of this Section II, the Project Implementing Entity, shall prepare, under terms of reference satisfactory to the Association, and furnish to the Recipient not later than two (2) months for forwarding to the Association, annual reports integrating results of the monitoring and evaluation of Part 3 of the Project including: (i) the results on the progress achieved in carrying out Part 3 of the Project during the period preceding the date of such report, (ii) a Procurement Plan for the next agreed period, and (iii) the measures recommended to ensure the efficient carrying out of Part 3 of the Project and the achievement of the objectives thereof during the period following the date of the report.

3. The Project Implementing Entity shall provide to the Recipient not later than four (4) months after the Closing Date, for incorporation in the report referred to in Section 4.08(c) of the General Conditions all such information as the Recipient or the Association shall reasonably request for the purposes of such Section.

B. Financial Management, Financial Reports and Audits

1. The Project Implementing Entity shall maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations and financial condition of Part 3 of the
Project Implementing Entity, including the operations, resources and expenditures related to the Project.

2. Without limitation on the provisions of Part A of this Section, the Project Implementing Entity shall prepare and furnish to the Recipient not later than forty (40) days after the end of each calendar quarter, interim unaudited financial reports for Part 3 of Project covering the quarter, in form and substance satisfactory to the Recipient, for incorporation and forwarding by the Recipient to the Association as part of the overall interim unaudited financial reports.

3. The Project Implementing Entity shall have its financial statements referred to in paragraph 2 above audited by independent auditors appointed by the Recipient. Each of these financial statements shall cover the period of one (1) fiscal year of the Project Implementing Entity. The financial statements for each period shall be furnished to the Recipient not later than three (3) months after the end of the said period to be consolidated with those of the Recipient and audited as provided in Section II. B. 3. of Schedule 2 to the Financing Agreement. The Project Implementing Entity shall only need to maintain adequate supporting documents and provide access and assistance to auditors appointed by the Recipient.

Section III. Procurement

All goods, works and services required for Part 3 of the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the provisions of Section III of Schedule 2 to the Financing Agreement and Annex 2 to Schedule 2 to the Co-financing Agreement (European Community Trust Fund Grant Agreement), as the case may be.