The World Bank
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

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H.E. Mr. Somdy Douangdy
Minister of Finance
Ministry of Finance
Vientiane, Lao PDR

Excellency:

Re: Financing Agreement for the Lao Uplands Food Security Improvement Project (IDA Grant H561-LA) and to the Grant Agreement for the Lao Uplands Food Security Improvement Project (EU FCRR Grant TF097058)
Amendments to the Agreements

We refer to your letters dated March 1, 2011 and April 25, 2011 requesting the International Development Association ("Association") to consider changes to the Financing Agreement for Lao Uplands Food Security Improvement Project dated June 4, 2010 ("Financing Agreement") and to the Grant Agreement for European Union Food Crisis Rapid Response Facility Trust Fund dated June 4, 2010 ("Grant Agreement").

We are pleased to inform you that, after due consideration, the Association concurs with the request. To give effect to such request, the Association agrees to amend the Financing Agreement and the Grant Agreement as set follows:

Amendments to the Financing Agreement:

1. The Table in Section IVA.2. of Schedule 2 to the Financing Agreement is replaced by the table in Attachment 1 to this Notice.

2. Section I. 16. of the Appendix to the Financing Agreement is replaced by the following:

"16. "Incremental Operating Costs" means reasonable expenditures directly related to the Project, incurred by the Recipient or the PRF (which expenditures would not have been incurred absent the Project), including inter alia, expenditures for Project staff travel, lodging and per diem, consumable materials, office supplies, communication services (including postage handling, telephone and internet costs), publication services, translation services, office space rental and utilities, maintenance of office equipment and operation, operation and maintenance of vehicles, day labor wages and other input costs for seed production by NAFRI
under Part 1 of the Project, reasonable costs directly related to the production by Veterinary Supply Unit and delivery of vaccines for livestock and small ruminants, including related locally manufactured drugs and instruments required for administering the vaccinations, by Department of Livestock and Fisheries under Part 2 of the Project, but excluding civil services salaries of officials of the Recipient’s civil service.”

3. The Appendix to the Financing Agreement is amended to include the following definition in alphabetical order and the other definitions are renumbered alphabetically:

“Department of Livestock and Fisheries” means the Department of Livestock and Fisheries of the Recipient’s Ministry of Agriculture and Forestry, or any successor thereto.”

Amendments to the Grant Agreement:

1. The Table in Section IV.A.2. Schedule 2 of the Grant Agreement is replaced by the table in Attachment 2 to this Notice.

2. Section IV.B.2. Schedule 2 of the Grant Agreement is replaced by the following:

“The Closing Date is December 31st, 2011 and the Disbursement Deadline Date is February 29, 2012.”

Change in the Number of Project Districts Covered Under Sub-Component 2b:

1. The number of districts covered under Sub-Component 2b Agricultural Assistance for Cyclone Recovery, are hereby increased from thirteen (13) districts to fifteen (15) districts, as identified in the Joint Damage Assessment for Ketsana. This change will not have any effect on the Financing Agreement or the Grant Agreement.

Except as specifically amended by this Letter of Amendments, all other provisions of the Financing Agreement and of the Grant Agreement otherwise remain in full force and effect.
Please confirm your agreement with the foregoing by signing and dating the enclosed copy of this Letter of Agreements and returning one signed original copy of this letter for our files. Upon our receipt of this Letter of Amendments duly countersigned by an authorized representative of the Recipient, this Letter of Amendments shall enter into effect as of March 1, 2011.

Yours sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: /s/ Annette Dixon

Authorized Representative

AGREED:
LAO PEOPLE’S DEMOCRATIC REPUBLIC

By: /s/ Somdy Douangdy

Name  Somdy DOUANGDY
Title  
Date  20. JUN 2011
**Attachment 1**

Table under Section IV.A.2. of Schedule 2 to the Financing Agreement is amended to read as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, Works, Consultants’ Services, Incremental Operating Costs and Training and Workshops under Part 1, Part 2.1, Part 3.1(b) and Part 4 of the Project.</td>
<td>2,940,406</td>
<td>15% or other percentage determined from time to time by the World Bank</td>
</tr>
<tr>
<td>(2) Goods, Works, Consultants’ Services, Incremental Operating Costs and Training and Workshops under Part 2.2, and Part 3.2(b) of the Project</td>
<td>1,550,000</td>
<td>100%</td>
</tr>
<tr>
<td>(1) Sub-grants under Part 3.1(a) of the Project.</td>
<td>1,160,000</td>
<td>15% or other percentage determined from time to time by the World Bank</td>
</tr>
<tr>
<td>(2) Sub-grants under Part3.2 (a) of the Project.</td>
<td>949,594</td>
<td>15% or other percentage determined from time to time by the World Bank</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>6,600,000</strong></td>
<td></td>
</tr>
</tbody>
</table>
Attachment 2

The table in Schedule 2, Section IV.A.2. of the European Union Food Crisis Rapid Response Facility Trust Fund Grant Agreement will be amended as follows. There will be no change in total allocation of Grant receipts by expenditure categories.

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in EURO)</th>
<th>Percentage of Expenditures to be Financed (exclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, Works, Consultants' Services, Incremental Operating Costs and Training and Workshops under Part 1, Part 2.1, Part 3.1(b) and Part 4 of the Project.</td>
<td>911,487</td>
<td>85% or other percentage determined from time to time by the World Bank</td>
</tr>
<tr>
<td>(2) Goods, Works, Consultants' Services, Incremental Operating Costs and Training and Workshops under Part 2.2, and Part 3.2(b) of the Project.</td>
<td>0</td>
<td>N/A</td>
</tr>
<tr>
<td>(3) Sub-grants under Part 3.1(a) of the Project.</td>
<td>1,120,000</td>
<td>85% or other percentage determined from time to time by the World Bank</td>
</tr>
<tr>
<td>(4) Sub-grants under Part 3.2 (a) of the Project.</td>
<td>1,328,513</td>
<td>85% or other percentage determined from time to time by the World Bank</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>3,360,000</strong></td>
<td></td>
</tr>
</tbody>
</table>
cc: H.E. Mr. Sitaheng Rasphone
Minister
Ministry of Agriculture and Forestry

Dr. Phouang Parisak Pravongvienkham
Director General
Department of Planning
Ministry of Agriculture and Forestry

Mme. Thipphakone Chanthavongsa
Director General
Department of External Finance
Ministry of Finance

Mr. Somchith Inhamith
Director General
Department of International Cooperation
Ministry of Planning and Investment

Mr. Hekinus Manao
Executive Director for Lao PDR
World Bank
Cleared with and cc: Mmes./Messrs: Messrs./Mmes. Levesque (LEGES); Nguyen (CTRFC).

**Distribution:** Messrs./Mmes. Nickesen (EAPCO); Dixon, Lecuit (EACTF); Miwa (EACL9); Bateman, Ionata (EACSQ); Walker, Abushakra (LEGES); Roome, Lovei, Labaste (EASSD); Moss, Ahsan (EAPPR); EAPCO Review Team; TACT; LOADM- Manila.