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

South East Asia Unit
World Bank, Office, Vientiane
Patou Xay – Nehru Road
Vientiane, Lao PDR

H.E. Mr Phouphet Khamphounvong
Minister of Finance
Ministry of Finance
23rd Singha Road
Saysettha District
Vientiane
Lao People’s Democratic Republic

Re: Lao PDR: Sustainable Forestry for Rural Development Project
(CR 3802-LA and Grant H4460)
Amendment to the Development Credit Agreement and the Financing Agreement

Excellency:

We refer to the Development Credit Agreement, dated September 4, 2003, entered into between
the Lao People’s Democratic Republic (the Borrower) and the International Development Association
(the Association), as amended; and the Financing Agreement (Amending and Restating the Development
Credit Agreement and Providing Additional Financing) dated March 2, 2009, entered into between the
Lao People’s Democratic Republic (“Recipient”) and the International Development Association
(“Association”) for purposes of the Sustainable Forestry for Rural Development Project. We further
refer to your letter dated September 14, 2011 and the letter of H.E. Santiphab Phomvihane dated
December 12, 2011, requesting the Association to amend the Financing Agreement to extend the closing
date and reallocate the grant proceeds.

We are pleased to inform you that the Association has agreed to your request and consequently
the Financing Agreement is amended to read as follows:

1. The disbursement table under paragraph A.2 of Section IV of Schedule II to the Financing
   Agreement is amended to read as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in SDR)</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) Works</td>
<td>880,000</td>
<td>405,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods</td>
<td>1,598,400</td>
<td>1,308,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Consultants’ Services</td>
<td>103,500</td>
<td>163,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Village Development Project Grants</td>
<td>1,790,000</td>
<td>1,235,000</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Incremental Operating</td>
<td>2,540,600</td>
<td>3,057,000</td>
<td>100%</td>
</tr>
</tbody>
</table>
2. Paragraph B.2 under Section IV of Schedule II to the Financing Agreement is amended to read as follows.

"2. The Closing Date is December 31, 2012."

Except as specifically amended by the above provisions, all other terms and conditions of the Financing Agreement otherwise remain in full force and effect.

It is the Bank's policy to make publicly available this Letter of Amendment. By confirming its agreement below, Lao PDR consents to disclosure of this Letter of Amendment after Letter of Amendment has become effective.

Please confirm your agreement with the foregoing on behalf of the Recipient, by countersigning, dating and returning to us the enclosed copy of this Amendment Letter. Upon receipt by the Association of the duly countersigned copy, this Amendment Letter shall become effective as of the date of countersignature.

Sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION

/s/ Qimiao Fan

Qimiao Fan
Acting Country Director, Lao PDR
East Asia and Pacific Region

CONFIRMED and AGREED:
LAO PEOPLE'S DEMOCRATIC REPUBLIC

/s/ Phouphet Khamphounvong

Authorized Representative

Name: Phouphet KHAMPHOUNVONG
Title: Minister of Finance
Date: 29 DEC 2011