Re: Lao People's Democratic Republic: Preparation of the Proposed Second Laos
Environment And Social Project
Preparation Advance No. Q8770
Additional Instructions: Disbursement Letter

Excellency:

I refer to the Advance Agreement ("Agreement") between the Lao People's Democratic Republic ("Recipient") and the International Development Association ("World Bank") for the preparation of the above-referenced Project, dated August 30, 2013. The Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of Project Preparation Advance No. Q8770 ("PPA"). 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 PPA 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 PPA:

- Reimbursement
- Advance
- Direct Payment

(ii) Disbursement Deadline Date (subsection 3.7). The Disbursement Deadline Date is the Refinancing Date specified in the Agreement. Any changes to this date will be notified by the World Bank.
II. Withdrawal of PPA Proceeds

(i) Authorized Signatures (subsection 3.1.). A letter in the Form attached (Attachment 2) should be furnished to the World Bank at the address indicated below providing the name(s) and specimen signature(s) of the official(s) authorized to sign Applications:

The World Bank  
Patou Xay Nehru Road  
P.O. Box 345  
Vientiane, Lao PDR  
Attention: Keiko Miwa  
Country Manager

(ii) Applications (subsections 3.2 - 3.3). Please provide completed and signed Applications for withdrawal, together with supporting documents to the address indicated below:

The World Bank  
26th F, One Global Place  
5th Avenue corner 25th Street  
Bonifacio Global City  
Taguig City, Philippines  
Attention: Loan Department

(iii) Electronic Delivery (subsection 3.4) The World Bank may permit the Recipient to electronically deliver to the World Bank Applications (with supporting documents) through the World Bank’s Client Connection, web-based portal. The option to deliver Applications to the World Bank 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 World Bank 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 World Bank agrees, the World Bank 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 World Bank 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 3; 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 and direct payment is USD 20,000 equivalent.
(vi) Advances (sections 5 and 6).

- **Type of Designated Account (subsection 5.3):** Segregated
- **Currency of Designated Account (subsection 5.4):** US Dollars
- **Financial Institution at which the Designated Account Will Be Opened (subsection 5.5):** Bank of Lao PDR
- **Ceiling (subsection 6.1):** USD100,000

III. Reporting on Use of PPA Proceeds

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

- **For requests for Reimbursement:**
  - List of payments against contracts that are subject to the World Bank's prior review, in the form attached (Attachment 5) together with records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices)
  - Statement of Expenditure in the form attached (Attachment 6) for all other expenditures / contracts

- **For reporting eligible expenditures paid from the Designated Account:**
  - List of payments against contracts that are subject to the World Bank's prior review, in the form attached (Attachment 5) together with records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices)
  - Statement of Expenditure in the form attached (Attachment 6) for all other expenditures / contracts
  - A Designated Account Reconciliation Statement in the form attached (Attachment 4) and related bank statement.

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

(ii) **Frequency of Reporting Eligible Expenditures Paid from the Designated Account (subsection 6.3):** Monthly

IV. Other Important Information

From the Client Connection website, you will be able to download Applications, monitor the near real-time status of the PPA, and retrieve related policy, financial, and procurement information.

If you have any queries in relation to the above, please contact Tony Shen, Senior Finance Officer of kamp@worldbank.org or Carmen Chu D. Austricato of custricato@worldbank.org using the above reference.

Yours sincerely,

Constantine Chikosi
Acting Country Director, Lao PDR
East Asia and Pacific Region

Attachments
1. World Bank Disbursement Guidelines for Projects, dated May 1, 2006
2. Form for Authorized Signatures
4. Designated Account Reconciliation Statement
5. Form of Payments Against Contracts Subject to the World Bank’s Prior Review
6. Form of “Statement of Expenditure”

Cc: Ministry of Finance
23d Singha Road
Saysettha District
Vientiane, Lao PDR
Fax: 856-21-412142

Prime Minister’s Office
Environmental Protection Fund
Nahaidoi Road
Vientiane, Lao PDR
Fax: 856-21 252741