January 30, 2013

H. E. Mr. Phouphet Khamphounvong
Minister of Finance
Ministry of Finance
That Luang Road, PO Box 46
Vientiane, Lao PDR

Re: Lao People’s Democratic Republic: Advance Agreement for Preparation of the Strengthening Protection and Management Effectiveness for Wildlife and Protected Areas Preparation Advance No. Q843

Excellency:

In response to the request for financial assistance made on behalf of the Lao People’s Democratic Republic (“Recipient”), I am pleased to inform you that the International Development Association (“World Bank”) proposes to extend to the Recipient an advance out of the World Bank’s Project Preparation Facility in an amount not to exceed five hundred thirty thousand Dollars ($530,000) (“Advance”) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached Annex, to assist in financing the activities described in the Annex (“Activities”). The objective of the Activities is to facilitate the preparation of a proposed project designed to strengthen capacity and broaden stakeholder’s involvement for protected area management and wildlife trade control with demonstration in two provinces and two protected areas (“Project”), for the carrying out of which the Recipient has requested the World Bank’s financial assistance.

The Recipient represents, by confirming its agreement below, that: (a) it understands that the provision of the Advance does not constitute or imply any commitment on the part of IBRD or IDA to assist in financing the Project; and (b) it is authorized to enter into this Agreement and to carry out the Activities, repay the Advance and perform its other obligations under this Agreement, all in accordance with the provisions of this Agreement.
Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature.

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

[Signature]

Annette Dixon
Country Director, Lao PDR
East Asia and Pacific Region

AGREED:
LAO’S PEOPLE DEMOCRATIC REPUBLIC

By [Signature]
Authorized Representative

Name: Santiphab PHOMVIHANE
Title
Date: 28 JUN 2013

Enclosures:

(1) “Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility”, dated July 31, 2010; and

(2) Disbursement Letter for the Advance of the same date as this Agreement, together with “World Bank Disbursement Guidelines for Projects”, dated May 1, 2006.
1.01. **Standard Conditions.** The Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility dated July 31, 2010 ("Standard Conditions"), constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions and the following term has the following meaning:


"Department of Forest Resources Management" means the Recipient’s Department of Forest Resources Management within MoNRE or any successor thereto.

"MoNRE" means the Recipient’s Ministry of Natural Resources and Environment or any successor thereto.

"Operating Costs" means reasonable expenditures directly related to the Project, incurred by the Recipient (which expenditures would not have been incurred absent the Project), including consumable materials and supplies, communications services (postage, telephone and internet), media and printing services, translation and interpretation services, office space rental and utilities, maintenance of office equipment, operation and maintenance, fuel costs, bank charges required for the Project, administrative support staff, and Project staff travel, lodging and per diems, but excluding salaries (including bonuses, fees and honoraria or equivalent payments) of officials of the Recipient’s civil service.


"Procurement Plan" means the Recipient’s procurement plan for the Project, dated December 12, 2012 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

"Training and Workshops" means the reasonable costs of training and workshops, based on an agreed plan and budget acceptable to the World Bank, and attributable to seminars, workshops, along with travel and subsistence allowances for training participants,
services of trainers (other than consultants' services), rental of training facilities, preparation and reproduction of training materials, and other activities directly related to course preparation and implementation.

Article II
Execution of the Activities

2.01. Description of the Activities. The Activities for which the Advance is provided consist of the following:

(a) supporting the Project management team in the Department of Forest Resources Management to coordinate the Project preparation activities, including *inter alia* the financing of equipment, Training and Workshops, and Operating Costs;

(b) supporting Project preparation activities for the preparation of detailed Project-related documents and manuals related to, *inter alia*, implementation, financial management, procurement and monitoring and evaluation and safeguards;

(c) supporting Project preparation activities for the carrying-out of various surveys and studies related to, *inter alia*: (i) the Project’s monitoring framework, (ii) the Project tourism and, community engagement strategies, (iii) the Project proposed awareness campaign, (iv) the calculation of the Project economic rate of return, (v) the setting-up of the Project’s accounting system, (vi) compliance with World Bank social and environmental safeguards requirements.

2.02. Execution of the Activities Generally. The Recipient declares its commitment to the objectives of the Activities. To this end, the Recipient shall carry out the Activities through MoNRE in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) this Article II; and (c) the Anti-Corruption Guidelines.

2.03. Institutional and Other Arrangements. Without limitations upon the provisions of Section 2.02 above, the Recipient shall within six (6) months of effectiveness of this Agreement:

(a) establish and thereafter maintain, throughout the implementation of the Activities, a Project implementation unit within MoNRE with functions and responsibilities satisfactory to the World Bank, headed by a Project director, and with staff having experience, qualifications and expertise satisfactory to the World Bank, to be responsible for the overall implementation of the Activities; and

(b) complete the appointment of the auditors for the Project.

2.04. Monitoring, Reporting and Evaluation of the Activities. The Recipient shall monitor and evaluate the progress of the Activities in accordance with the provisions of Section 2.08 of the Standard Conditions.

2.05. Financial Management. (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.09 of the Standard Conditions.
(b) The Recipient shall ensure that interim un-audited financial reports for the Activities are prepared and furnished to the World Bank not later than forty-five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Sections 2.09 (b) of the Standard Conditions.

(i) if, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, the Recipient shall have the Financial Statements included in the first audit of financial statements required under the Refinancing Agreement;

(ii) if, by the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, such audit of the Financial Statements shall cover the period of the Advance, commencing with the fiscal year in which the first withdrawal under the Advance was made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of the Recipient’s fiscal year in which the Refinancing Date occurs;

(iii) notwithstanding the provisions of paragraphs (i) and (ii) of this Section, the World Bank may request an audit of the Financial Statements prior to the Refinancing Date, covering such period as is indicated in its request. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of such period.

2.06. Procurement

(a) General. All goods and consultants’ services required for the Activities and to be financed out of the proceeds of the Advance shall be procured in accordance with the requirements set forth or referred to in:

(i) Section I of the Procurement Guidelines, in the case of goods;

(ii) Sections I and IV of the Consultant Guidelines in the case of consultants’ services; and

(iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Activities in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).

(b) Definitions. The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in Sections II and III of the
Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

(c) **Particular Methods of Procurement of Goods**

(i) The following are methods of procurement may be used for those contracts which are specified in the Procurement Plan: (A) Shopping; (B) Direct Contracting; and (C) Procurement from the UNOPS.

(d) **Particular Methods of Procurement of Consultants’ Services**

(i) Except as otherwise provided in sub-paragraph (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods, other than Quality- and Cost-based Selection, may be used for the procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (A) Least Cost Selection; (B) Single-source Selection; (C) Selection of Individual Consultants; and (D) Sole Source Procedures for the Selection of Individual Consultants with the prior approval of the World Bank.

(e) **Review by the World Bank of Procurement Decisions.** The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.

**Article III**

**Withdrawal of the Advance**

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Advance in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance one hundred percent (100%) of Eligible Expenditures consisting of Goods, Consultant Services, Training and Workshops, and Operating Costs inclusive of Taxes.

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient, except that withdrawals up to an aggregate amount not to exceed ten thousand United States Dollars (US$10,000) equivalent may be made for payments made prior to this date but on or after January 1, 2013 for Eligible Expenditures.

3.03. **Refinancing Date.** The Refinancing Date is June 30, 2014.
Article IV
Terms of the Advance

4.01. **Refinancing under the Refinancing Agreement:** If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, then the full amount of the Withdrawn Advance Balance shall be paid to the World Bank as soon as the Refinancing Agreement becomes effective, by means of a withdrawal by the World Bank of such amount of the Refinancing Proceeds, in accordance with the provisions of the Refinancing Agreement.

4.02. **No Repayment in the absence of a Refinancing Agreement:** Notwithstanding any provision to the contrary in the Standard Conditions, if, on or before the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, or if, by such date or at any time thereafter, it has been so executed but terminates without becoming effective, then the Recipient shall not be obligated to repay the Withdrawn Advance Balance.

Article V
Recipient's Representative; Addresses

5.01. **Recipient's Representative.** The Recipient’s Representative referred to in Section 9.02 of the Standard Conditions is the Recipient’s minister responsible for finance.

5.02. **Recipient's Address.** The Recipient’s Address referred to in Section 9.01 of the Standard Conditions is:

Ministry of Finance
23rd Singha Road
Saysetha District
Vientiane, Lao PDR

Facsimile:

856-21-412142