H.E. Mr. Phouphet Khamphounvong  
Minister  
Ministry of Finance  
23rd Singha Road  
Saysettha District  
Vientiane, Lao PDR

Re: Lao People's Democratic Republic: Rural Electrification Phase II Project  
(Grant No. H538-LA; GEF Grant No. TF098662)  
Amendment to the Financing Agreement and to the GEF Grant Agreement

Excellency:

We refer to: (a) the Financing Agreement dated February 8, 2010, between the Lao People's Democratic Republic ("Recipient"), and the International Development Association ("Association"), and (b) the GEF Grant Agreement dated May 5, 2011, between the Recipient and the International Bank for Reconstruction and Development, acting as an Implementing Agency of the Global Environment Facility ("Bank").

We also refer to your letter dated December 12, 2011, requesting the Association and the Bank to amend the Financing Agreement and the GEF Grant Agreement to facilitate the implementation of the Project. We are pleased to inform you that the Association and the Bank agree with your request and propose to amend the Financing Agreement and the GEF Grant Agreement as set out below in this letter of amendment ("Letter of Amendment").

I. Amendment to the Financing Agreement

1. In Schedule 1 of the Financing Agreement, Part A.1(b) is amended as follows:

"(b) provide technical advisory services including training to EdL in, inter alia: (i) Project implementation and supervision, production of modular specifications, and review of design standards; and (ii) building capacity for economic and financial evaluation, Project management and procurement."

2. In Schedule 1 of the Financing Agreement, Part A.3 is amended as follows:

(a) The first phrase under Part A.3 is replaced by the following phrase:

"Provision of goods and technical advisory services to EdL to:"
(b) Part A.3(b) is amended to read as follows:

“(b) strengthen the management of billing and accounting systems and the overall financial management capacity.”

3. In Schedule 1 of the Financing Agreement, Part B.3 is amended as follows:

(a) The first phrase under Part B.3 is replaced by the following phrase:

“Provide technical advisory services and financial resources to MEM to, _inter alia:_”

(b) Part B.3 is amended to include an additional activity as item (c) as follows:

“(c) design, supply, install and supervise pilot renewable energy schemes.”

4. In Schedule 2 of the Financing Agreement, Section II.A.1 is amended to read as follows:

“1. The Recipient shall monitor and evaluate the progress 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 acceptable to the Association and set out in the REF Operations Manual and Village Off Grid Program Operations Manual. Each Project Report shall cover the period of one (1) calendar quarter, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.”

5. In Schedule 2 of the Financing Agreement, the table in Section III.B.2 is amended to include an additional procurement method as follows:

“(d) Procurement under Public Private Partnership Arrangements in accordance with procedures which have been found acceptable to the Association”.

6. The table in Section IV of Schedule 2 to the Financing Agreement is amended as indicated in Attachment 1 of this Letter of Amendment.

7. In Section IV of Schedule 2 to the Financing Agreement, paragraph B.2 is amended to extend the Closing Date as follows:

“2. The Closing Date is June 30, 2015.”

8. Paragraphs 1 and 18 of the Appendix to the Financing Agreement are amended to read as follows:

“18. “Incremental Operating Costs” mean reasonable expenditures directly related to the Project incurred by the Recipient (which expenditures would not have been incurred absent the Project), including expenditures for Project staff travel and per diem, office, supplies, communications services (including telephone and internet costs), banking charges, publication services, translation services, maintenance of office equipment, maintenance of vehicles, and salaries of contractual and temporary staff, but excluding civil services salaries of officials of the Recipient’s civil service.”

II. Amendment to the GEF Grant Agreement

1. In Schedule 1 of the GEF Grant Agreement, Part A.1(b) is amended as follows:

“(b) provide technical advisory services including training to EdL in, inter alia: (i) Project implementation and supervision, production of modular specifications, and review of design standards; and (ii) building capacity for economic and financial evaluation, Project management and procurement.”

2. In Schedule 1 of the GEF Grant Agreement, Part A.3 is amended as follows:

(a) The first phrase under Part A.3 is replaced by the following phrase:

“Provision of goods and technical advisory services to EdL to:”

(b) Part A.3(b) is amended to read as follows:

“(b) strengthen the management of billing and accounting systems and the overall financial management capacity.”

3. In Schedule 1 of the GEF Grant Agreement, Part B.3 is amended as follows:

(a) The first phrase under Part B.3 is replaced by the following phrase:

“Provide technical advisory services and financial resources to MEM to, inter alia:"

(b) Part B.3 is amended to include an additional activity as item (c) as follows:

“(c) design, supply, install and supervise pilot renewable energy schemes.”
4. In Schedule 2 of the GEF Grant Agreement, Section II.A.1(a) is amended to read as follows and sub-paragraph (b) below it is deleted in its entirety:

"1. The Recipient shall monitor and evaluate the progress 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 acceptable to the Association and set out in the REF Operations Manual and Village Off Grid Program Operations Manual. Each Project Report shall cover the period of one (1) calendar quarter, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report."

5. In Schedule 2 of the GEF Grant Agreement, the table in Section III.B.2 is amended to include an additional procurement method as follows:

"(d) Procurement under Public Private Partnership Arrangements in accordance with procedures which have been found acceptable to the Association".

6. The table in Section IV of Schedule 2 to the GEF Grant Agreement is amended as indicated in Attachment 2 of this Letter of Amendment.

7. In Section IV of Schedule 2 to the GEF Grant Agreement, paragraph B.2 is amended to extend the Closing Date as follows:

"2. The Closing Date referred to in Section 3.06(c) of the Standard Conditions is June 30, 2015."

8. Paragraphs 1 of the Appendix to the GEF Grant Agreement is amended to read as follows:


Unless the context requires otherwise, the capitalized terms used in this Letter of Amendment have the meanings ascribed to them in the General Conditions or in the Financing Agreement.

Except as specifically amended by this Letter of Amendment, all other provisions of the Financing Agreement and the GEF Grant Agreement remain in full force and effect.

Please confirm your agreement to the foregoing on behalf of the Recipient by countersigning and dating the form of confirmation below and returning one signed original of
this Letter of Amendment for our files. Upon receipt by the Association and the Bank of the original of this Letter of Amendment duly countersigned by an authorized representative of the Recipient, this Letter of Amendment shall become effective as of the date of countersignature.

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION
AND
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT,
acting as an Implementing Agency of the Global Environment Facility

[Signature]
Constantine Chikosi
Acting Country Director, South East Asia
(Cambodia, Laos PDR, Malaysia, Myanmar, Thailand)
East Asia and Pacific Region

AGREED:
LAO PEOPLE’S DEMOCRATIC REPUBLIC

[Signature]
Phouphet KHAMPHOUNVONG

Date 24 DEC 2013
### Section IV of Schedule 2 to the Financing Agreement

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Financing Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
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</thead>
<tbody>
<tr>
<td>(1) Goods, Works, Consultants’ Services, and Training under Parts A.1, A.2, A.3 and A.5 of the Project</td>
<td>9,945,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, Works, Consultants’ Services and Training under Parts B.1, B.2, B.3 and B.5 of the Project</td>
<td>2,491,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Incremental Operating Costs under Parts A.1, A.2 and A.5 of the Project</td>
<td>65,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Incremental Operating Costs under Part B.5 of the Project</td>
<td>99,000</td>
<td>100%</td>
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<td>TOTAL</td>
<td>12,600,000</td>
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Section IV of Schedule 2 to the GEF Grant Agreement

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<th>Category</th>
<th>Amount of the Financing Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
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</thead>
<tbody>
<tr>
<td>(1) Goods, Consultants’ Services, Training and Incremental Operating Costs under Part A.2(a) and A.5 of the Project</td>
<td>999,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, works, consultants’ services, Training and Incremental Operating Costs under Parts B.3 and B.5 of the Project</td>
<td>819,000</td>
<td>100%, except for any expenditures incurred on or after October 31, 2013 under Part B.5</td>
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<tr>
<td>TOTAL</td>
<td>1,818,000</td>
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