June 4, 2010

H.E. Somdy Douangdy
Minister of Finance
Ministry of Finance
23 Singha Road
Nongbone Village
Saysettha District
Vientiane, Lao PDR

Re: Lao PDR: IDF Grant for Introducing Public Opinion Surveys Project
IDF Grant No. TF097096

Excellency:

In response to the request for financial assistance made on behalf of Lao People’s Democratic Republic ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development ("World Bank"), acting as administrator of grant funds provided by the World Bank’s Institutional Development Fund ("IDF"), proposes to extend to the Recipient a grant in an amount not to exceed one hundred and sixty nine thousand nine hundred and sixty two United States Dollars (US$ 169,962) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the Project described in the Annex ("Project").

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date each of the two (2) originals of this Agreement, and returning one original 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effective as of the date of the countersignature; provided, however, that the offer to this Agreement shall be deemed withdrawn if the World Bank has not
received the countersigned copy of this Agreement within ninety (90) days after the date of
signature of this Agreement by the World Bank, unless the World Bank has established a later
date for such purpose.

Very truly yours,
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By /s/ Annette Dixon
Country Director, Lao PDR
East Asian and Pacific Region

AGREED:
LAO PEOPLE’S DEMOCRATIC REPUBLIC

By: /s/ Viengthong Siphandone
    Authorized Representative
    Name _______________________
    Title Vice Minister of Finance
    Date: June 4, 2010

Enclosures:

(1) Standard Conditions for Grants Made by the World Bank Out of Various Funds,
dated July 1, 2008
(2) Disbursement Letter dated [____], together with World Bank Disbursement
    Guidelines for Projects, dated May 1, 2006
Article I

Standard Conditions; Definitions

1.01.  **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank Out of Various Funds dated July 1, 2008 (“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 or in this Agreement.

Article II

Project Execution

2.01.  **Project Objectives and Description.** The objective of the Project is to contribute to improved capacity of the Lao Social Science Institute (LSSI) by; (i) providing technical assistance to the LSSI on developing a contemporary research program and techniques; and (ii) piloting public opinion surveys in three locations. The Project consists of the following parts:

**Part 1: Design an Updated Social Science Research Program**

Providing strategic technical assistance inputs to strengthen the LSSI’s ability to design and execute a program in non-conventional social science research through:

(a) introducing new research techniques and areas by bringing best practices and knowledge; and

(b) translating relevant research materials into Lao language.

**Part 2: Piloting Public Opinion Surveys and Specialized Survey Research**

Strengthening the LSSI’s ability to design and execute specialized survey research and public opinion surveys through:

(a) providing technical assistance to build the capacity of LSSI on specialized survey research; and

(b) piloting of public surveys in Vientiane and two other locations.

2.02.  **Project Execution Generally.** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through the LSSI in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006; and (c) this Article II.
2.03. **Project Monitoring, Reporting and Evaluation.** (a) The Recipient shall monitor and evaluate the progress of the Project and, upon the World Bank’s request, prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators set forth below in paragraph (b) of this Section. Each Project Report shall cover such period as shall be indicated in the World Bank’s request and shall be furnished to the World Bank not later than one month after the date of such request.

(b) The performance indicators referred to above in paragraph (a) consist of the following:

(i) Number of public opinion surveys undertaken by the LSSI;
(ii) Number of LSSI staff and associates trained on new research methods; and
(iii) Number of contemporary research translated into Lao language.

(c) The Recipient shall, upon the World Bank’s request, prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than five (5) months after the Closing Date.

2.04. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project 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, upon the World Bank’s request, have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Such audit of the Financial Statements shall cover the entire period during which withdrawals from the Grant Account were made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six (6) months after the date of the World Bank’s request.

2.05. **Procurement**

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

(i) Section I of the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the World Bank in May 2004 and revised in October 2006 and May 2010 (“Procurement Guidelines”) in the case of goods.

(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 the Procurement Guidelines or the Consultant Guidelines, as the case may be.

(c) Particular Methods of Procurement of Goods.

(i) Goods shall be procured under contracts awarded on the basis of Shopping procedures.

(d) Particular Methods of Procurement of Consultants’ Services

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

(ii) The following methods may be used for the procurement of consultants’ services for those assignments which the World Bank agrees meet the requirements set forth in the Consultant Guidelines for their use: A) Selection Based on Consultants’ Qualification; (B) Single Source Selection; (C) Selection of Individual Consultants; and (D) Sole Source Procedures for the Selection of Individual Consultants.

(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 Grant Proceeds

3.01. Eligible Expenditures. The Recipient may withdraw the proceeds of the Grant 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 Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in [USD])</th>
<th>Percentage of Expenditures to be Financed Inclusive of Taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods; Consultants Services; and Training and Workshops.</td>
<td>169,962</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>169,962</td>
<td></td>
</tr>
</tbody>
</table>
For the purposes of this Section, the term “Training and Workshops” means reasonable costs associated with attendance and participation in training and workshops of personnel involved in the implementation of the Project including travel, lodging and subsistence costs for training and workshop participants, costs associated with securing the services of trainers and workshop speakers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training courses and workshop preparation.

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made;

(a) for payments made prior to the date of countersignature of this Agreement by the Recipient; and

(b) prior to the drafting by LSSI of a financial management manual satisfactory to the World Bank.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is three years after the date of countersignature of this Agreement by the Recipient.

**Article IV**

**Recipient’s Representative; Addresses**

4.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is Minister of Finance.

4.02. **Recipient’s Address.** The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Finance  
23 Singha Road  
Nongbone Village  
Saysettha District  
Vientiane, Lao PDR  

Facsimile: 856-21-412142

4.03. **World Bank’s Address.** The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America  

Cable: INTBAFRAD  
Telex: 248423 (MCI) or 64145 (MCI)  
Facsimile: 1-202-477-6391