

**OFFICIAL
DOCUMENTS**

MDTF GRANT NUMBER TF012419

**Multi-Donor Trust Fund
Grant Agreement**

for

Poverty Reduction Fund Project II

(Amending and Restating the Original MDTF Grant Agreement)

between

LAO PEOPLE'S DEMOCRATIC REPUBLIC

and

**INTERNATIONAL DEVELOPMENT ASSOCIATION
(Acting as an administrator of the Multi-Donor Trust Fund
for the Lao Poverty Reduction Fund Support Facility)**

Dated *August 17*, 2015

GRANT AGREEMENT

AGREEMENT dated August 17, 2015, entered into between the LAO PEOPLE'S DEMOCRATIC REPUBLIC ("Recipient"); and the INTERNATIONAL DEVELOPMENT ASSOCIATION ("World Bank"), acting as an administrator of the Multi-Donor Trust Fund for the Lao Poverty Reduction Fund Support Facility ("MDTF").

WHEREAS (A) the Association agreed to extend to the Recipient the Original Grant to assist in financing the Original Project in accordance with the terms and conditions of the Original Financing Agreement and the Original IDA Project Agreement;

(B) the World Bank agreed to extend to the Recipient the Original MDTF Grant to assist in financing the Original Project in accordance with the terms and conditions of the Original MDTF Grant Agreement and the Original MDTF Project Agreement;

(C) the Recipient has requested the Association to provide additional financial assistance in support of additional activities related to the Original Project, as described in the amended and restated description of the Project in Schedule 1 to this Agreement, by making available to the Recipient the Additional Credit;

(D) the World Bank has received additional contributions from Australia for the amended and restated Project into the MDTF in the amount of two million four hundred thousand Dollars (\$2,400,000), and the World Bank accordingly agrees to increase the total amount of the Grant made available to the Recipient pursuant to Section 3.01 of this Agreement; and

(E) in conjunction with this Agreement, the Recipient and the Association intend to enter into the Amended and Restated Financing Agreement, the Association and the Project Implementing Entity intend to enter into the Amended and Restated IDA Project Agreement, and the World Bank and the Project Implementing Entity intend to enter into the Amended and Restated MDTF Project Agreement.

WHEREAS the World Bank has agreed, on the basis, *inter alia*, of the foregoing to extend the Grant to the Recipient upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the Recipient and the World Bank hereby agree to amend and restate the Original MDTF Grant Agreement, with effect from the Effective Date of this Agreement, to read as follows:

Article I
Standard Conditions; Definitions

- 1.01. The Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated February 15, 2012 (“Standard Conditions”), constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions, this Agreement, and the Appendix to the Amended and Restated Financing Agreement, as the case may be.

Article II
The Project

- 2.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall cause the Project Implementing Entity to carry out the Project in accordance with the provisions of Article II of the Standard Conditions and the Amended and Restated MDTF Project Agreement.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

Article III
The Grant

- 3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant from the MDTF in an amount equal to sixteen million nine hundred thousand Dollars (\$16,900,000) (“Grant”) to assist in financing the Project.
- 3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section II of Schedule 2 to this Agreement.
- 3.03. The Grant is funded out of the MDTF for which the World Bank receives periodic contributions from the Donor(s) to the MDTF. In accordance with Section 3.02 of the Standard Conditions, the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the donors under the MDTF, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

**Article IV
Additional Remedies**

- 4.01. The Additional Events of Suspension referred to in Section 4.02 (k) of the Standard Conditions consist of the following:
- (a) The Project Implementing Entity's Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.
 - (b) The Project Implementing Entity has failed to perform any of its obligations under the Subsidiary Grant Agreement.

**Article V
Effectiveness; Termination**

- 5.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the conditions specified below have been satisfied:
- (a) The execution and delivery of this Agreement on behalf of the Recipient have been duly authorized or ratified by all necessary governmental action.
 - (b) The Amended and Restated Financing Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.
 - (c) The Amended and Restated MDTF Project Agreement has been executed and delivered, and all conditions precedent to its effectiveness (other than the effectiveness of this Agreement), have been fulfilled.
 - (d) The Subsidiary Grant Agreement has been executed and delivered, and all conditions precedent to its effectiveness (other than the effectiveness of this Agreement), have been fulfilled.
- 5.02. As part of the evidence to be furnished pursuant to Section 5.01 (a), there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank or, if the World Bank so requests, a certificate satisfactory to the World Bank of a competent official of the Recipient, showing the following matters:

- (a) on behalf of the Recipient, that this Agreement has been duly authorized or ratified by, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms; and
 - (b) the Subsidiary Grant Agreement has been duly authorized or ratified by the Recipient and the Project Implementing Entity and is legally binding upon the Recipient and the Project Implementing Entity in accordance with its terms.
- 5.03. Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 5.01 (“Effective Date”). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.
- 5.04. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date ninety (90) days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

Article VI
Recipient’s Representative; Addresses

- 6.01. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its Minister at the time responsible for finance
- 6.02. The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:
- Ministry of Finance
23rd Singha Road
Saysettha District
Vientiane, Lao PDR
- Facsimile:
- 856-21-412142
- 6.03. The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:
- International Development Association
1818 H Street, N.W.
Washington, D.C. 20433

United States of America

Facsimile:
1-202-477-6391

AGREED at Vientiane, Lao People's Democratic Republic, as of the day and year first above written.

LAO PEOPLE'S DEMOCRATIC REPUBLIC

By



Authorized Representative

Name: _____

Title: Vice Minister

INTERNATIONAL DEVELOPMENT ASSOCIATION
Acting as Administrator of the Multi-Donor Trust Fund for the
Lao Poverty Reduction Fund Support Facility

By



Authorized Representative

Name: Ulrich Zachau

Title: Country Director

SCHEDULE 1
Project Description

The objective of the Project is to help improve the access to and the utilization of basic infrastructure and services for the Project's targeted poor communities.

The Project consists of the parts described in Schedule 1 to the Amended and Restated Financing Agreement.

SCHEDULE 2

Project Execution

Section I. General; Subsidiary Grant Agreement

A. General

Section I (Implementation Arrangements), Section II (Project Monitoring, Reporting and Evaluation) and Section III (Procurement) of Schedule 2 to the Amended and Restated Financing Agreement are hereby incorporated by reference and shall apply, *mutatis mutandis*, to this Agreement, and the Recipient undertakes to comply with the provisions thereof to the same extent as if such provisions had been set out in full in this Agreement, provided that for the purposes of this Agreement: (1) the references to the "Financing" in said Sections shall be construed as references to the Grant provided for under this Agreement; (2) the references to the "Association" in said Sections shall be construed as references to the World Bank; (3) the reference to Section 4.08 of the General Conditions in Section II.A of Schedule 2 to the Amended and Restated Financing Agreement shall be construed as reference to Section 2.06 of the Standard Conditions; and (4) the references to Section 4.09 and 4.09 (b) of the General Conditions in Section II.B of Schedule 2 to the Amended and Restated Financing Agreement shall be construed as references to Section 2.07 and 2.07 (b) of the Standard Conditions.

B. Subsidiary Grant Agreement

1. To facilitate the carrying out the Project, the Recipient shall make available to the Project Implementing Entity the proceeds of the Grant under a Subsidiary Grant Agreement to be entered into between the Recipient and the Project Implementing Entity, under terms and conditions acceptable to the World Bank which shall include, *inter alia*, the terms and conditions set forth in Section I.A of Schedule 2 to the Amended and Restated Financing Agreement, provided that all references therein to the terms "Financing" and "Association" shall be construed as references to the Grant and the World Bank, respectively.
2. The Recipient shall exercise its rights and perform its obligations under the Subsidiary Grant Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant, and, except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Grant Agreement or any provision thereof.

C. Donor Visibility and Visit

1. The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify the Donor(s) support for the Project.
2. For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank's request, enable the representatives of the Donor(s) to visit any part of the Recipient's territory for purposes related to the Project.

Section II. Withdrawal of the Proceeds of the Grant

A. General

1. 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 table in paragraph 2 below.
2. The following 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:

Category	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consultants' services, Sub-grants, Training and Workshops, and Operating Costs	16,900,000	27%
TOTAL AMOUNT	16,900,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals of amounts of the Grant up to an aggregate amount not to exceed four

hundred eighty thousand Dollars (\$480,000) may be made for payments made prior to this date but on or after May 1, 2015 for Eligible Expenditures.

2. The Closing Date is December 31, 2016.