

CONFORMED COPY

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GRANT NUMBER TF097786

# Project Agreement

**(Mobilizing Ethnic Communities for  
Improved Livelihoods and Wellbeing Project)**

**between**

**INTERNATIONAL DEVELOPMENT ASSOCIATION,  
acting as administrator of the Japan Social Development Fund**

**and**

**POVERTY REDUCTION FUND**

**Dated April 22, 2011**

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## **PROJECT AGREEMENT**

AGREEMENT dated \_\_\_\_\_, 2011 entered into between and INTERNATIONAL DEVELOPMENT ASSOCIATION, acting as administrator of the Japan Social Development Fund (the “World Bank”), and POVERTY REDUCTION FUND (“Project Implementing Entity”) (“Project Agreement”) in connection with the Grant Agreement (“Grant Agreement”) of same date between LAO PEOPLE’S DEMOCRATIC REPUBLIC (“Recipient”) and the World Bank. The World Bank and the Project Implementing Entity hereby agree as follows:

### **ARTICLE I — GENERAL CONDITIONS; DEFINITIONS**

- 1.01. The Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 31, 2010 (referred to in the Grant Agreement), constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in the Project Agreement have the meanings ascribed to them in the Grant Agreement or the Standard Conditions.

### **ARTICLE II — PROJECT**

- 2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall carry out the Project in accordance with the provisions of Article II of the Standard Conditions, and shall provide promptly as needed, the funds, facilities, services and other resources required for the Project.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the World Bank and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out the Project in accordance with the provisions of the Schedule to this Agreement.

### **ARTICLE III — EFFECTIVENESS; TERMINATION**

- 3.01. This Agreement shall come into force and effect on the date upon which the Grant Agreement becomes effective.
- 3.02. This Agreement and all obligations of the World Bank and of the Project Implementing Entity shall terminate on the date on which the Grant Agreement shall terminate in accordance with its terms, and the World Bank shall promptly notify the Project Implementing Entity.

3.03. All the provisions of this Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the Standard Conditions.

**ARTICLE IV — REPRESENTATIVE; ADDRESSES**

4.01. The Project Implementing Entity's Representative is its Executive Director.

4.02. The World Bank's Address is:

International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423(MCI)	1-202-477-6391

4.03. The Project Implementing Entity's Address is:

Poverty Reduction Fund  
Souphanouvong Road  
Chanthabouly District  
Vientiane, Lao PDR

Telephone:	Facsimile:
+856 21 261 480	+856 21 261 481

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

INTERNATIONAL DEVELOPMENT ASSOCIATION  
acting as Administrator of Japan Social Development Fund

By /s/ Keiko Miwa  
Authorized Representative

POVERTY REDUCTION FUND

By /s/ Bounkaouang Souvannaphan  
Authorized Representative

## SCHEDULE

### Execution of the Project

#### **Section I. Implementation Arrangements**

##### **A. Implementation Arrangements**

1. The Project Implementing Entity shall enter into the Subsidiary Agreement with the Recipient, which shall include, *inter alia*, the provisions set out in Section 2.03(a) of the Annex to the Grant Agreement.
2. The Project Implementing Entity shall prepare, adopt and thereafter implement the Operations Manual, in a manner and substance satisfactory to the World Bank.
3. The Project Implementing Entity shall implement the Project in accordance with the Operations Manual and shall not amend, waive, cancel, or abrogate any of the provisions of the Operations Manual without the prior consent of the World Bank.

##### **B. Anti-Corruption**

The Project Implementing Entity shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

##### **C. Safeguards**

1. The Project Implementing Entity shall implement the Project in accordance with the Environmental and Social Management Framework, including the provisions on Ethnic Groups set forth therein.
2. Except as the World Bank shall otherwise agree, the Recipient shall not amend or waive any provision of the Environmental and Social Management Framework if, in the opinion of the World Bank, such amendment or waiver may materially and adversely affect the implementation of the Project.
3. The Recipient shall ensure that activities financed under the Project shall not involve any land acquisition or involuntary resettlement of the local population and/or businesses. In the event that any land is required for the Project or any resettlement is to be carried out, the Recipient shall, in consultation with the World Bank, ensure that such land shall be obtained and such resettlement carried out in accordance with plans agreed with the World Bank and set out in the Environmental and Social Management Framework.

**D. Sub-grant**

1. The Project Implementing Entity shall make Sub-grants to eligible village SHGs in accordance with eligibility criteria and procedures acceptable to the World Bank.
2. The Project Implementing Entity shall make each Sub-grant under a Sub-grant Agreement with the respective eligible village SHGs in accordance with the procedures set forth in the Operations Manual and on terms and conditions approved by the World Bank.
3. The Project Implementing Entity shall exercise its rights under each Sub-grant Agreement in such manner as to protect its interest and the interests of the Recipient and the World Bank, to accomplish the purposes of the Sub-grant. Except as the World Bank shall otherwise agree, the Project Implementing Entity shall not assign, amend, abrogate or waive any Sub-grant Agreement or any of its provisions.

**Section II. Project Monitoring, Reporting and Evaluation**

**A. Project Reports**

1. The Project Implementing Entity shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions. Each such Project Report shall cover the period of one (1) calendar quarter, and shall be furnished to the Recipient not later than forty-five (45) days after the end of the period covered by such report, in form and substance satisfactory to the Recipient and the World Bank.
2. Notwithstanding paragraph A.1 of this Section II, the Project Implementing Entity, shall prepare, under terms of reference satisfactory to the World Bank, and furnish to the Recipient and the World Bank not later than two (2) months, annual reports integrating results of the monitoring and evaluation of the Project including: (i) the results on the progress achieved in carrying out the Project during the period preceding the date of such report, (ii) a Procurement Plan for the next agreed period, and (iii) the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following the date of the report.
3. The Project Implementing Entity shall provide to the Recipient and the World Bank not later than four (4) months after the Closing Date, a completion report referred to in Section 2.06(b)(ii) of the Standard

Conditions, of such scope and in such detail as the Recipient or the World Bank shall reasonably request for the purposes of such Section.

**B. Financial Management, Financial Reports and Audits**

1. The Project Implementing Entity shall maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the World Bank, both in a manner adequate to reflect the operations and financial condition of the Project Implementing Entity, including the operations, resources and expenditures related to the Project.
2. Without limitation on the provisions of Part A of this Section, the Project Implementing Entity shall prepare and furnish to the Recipient and the World Bank not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Recipient and the World Bank.
3. The Project Implementing Entity shall have its financial statements referred to in paragraph 2 above audited by independent auditors appointed by the Recipient. Each of these financial statements shall cover the period of one (1) fiscal year of the Project Implementing Entity. The financial statements for each period shall be furnished to the Recipient and the World Bank not later than six (6) months after the end of the said period and audited as provided in Section 2.05 of the Annex to the Grant Agreement.

**Section III. Procurement**

All goods, works and services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the provisions of Section 2.06 of the Annex to the Grant Agreement.