Financing Agreement

(Providing Additional Financing and Amending and Restating the Original Financing Agreement for Lao PDR Southeast Asia Disaster Risk Management Project)

between

LAO PEOPLE'S DEMOCRATIC REPUBLIC

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between LAO PEOPLE’S DEMOCRATIC REPUBLIC ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association").

WHEREAS (A) under an agreement dated August 30, 2017, between the Recipient and the Association ("Original Financing Agreement"), the Association agreed to provide the Recipient with a Credit in an amount equivalent to twenty-one million nine hundred thousand Special Drawing Rights (SDR 21,900,000) ("Original Credit") to assist in financing the Lao PDR Southeast Asia Disaster Risk Management Project described in Schedule I to the Original Financing Agreement ("Original Project");

(B) the Recipient has requested the Association to provide additional financial assistance in support of additional activities related to the Original Project, by making available to the Recipient an additional credit ("Additional Credit") in an amount equivalent to eighteen million two hundred thousand Special Drawing Rights (SDR 18,200,000) for the Project described in Schedule 1 to this Agreement;

(C) the Recipient has received from the Association, acting as administrator of the Southeast Asia Disaster Risk Insurance Facility (SEADRIF) Program Multi-Donor Trust Fund, a grant in an amount to not to exceed one million United States Dollars (USD 1,000,000) on August 30, 2017 towards the financing of Part 3.1 of the Project on the terms and conditions set forth in an agreement entered into between the Recipient and the Association; and

WHEREAS the Association has agreed, on the basis, inter alia, of the foregoing to extend such additional assistance to the Recipient upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the Recipient and the Association hereby agree to amend and restate the Original Financing Agreement, with effect from the Effective Date of this Agreement, to read as following:
ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form 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 General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient the following credits, all deemed by the Association to be on concessional terms, as set forth or referred to in this Agreement (collectively, “Financing”) in the following amounts to assist in financing the project described in Schedule 1 to this Agreement (“Project”):

(a) the Original Credit in an amount equivalent to twenty-one million nine hundred thousand Special Drawing Rights (SDR 21,900,000) (“Original Credit”); and
(b) the Additional Credit in an amount equivalent to eighteen million two hundred thousand Special Drawing Rights (SDR18,200,000).

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section III of Schedule 2 to this Agreement.

2.03. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.

2.04. The Service Charge is three-fourths of one percent (3/4 of 1%) per annum on the Withdrawn Credit Balance.

2.05. The Interest Charge is one and a quarter percent (1.25%) per annum on the Withdrawn Credit Balance of the Original Credit and Additional Credit.

2.06. The Payment Dates are: (a) February 15 and August 15 each year in respect of the Original Credit; and (b) February 15 and August 15 in each year in respect of the Additional Credit.
2.07. The principal amount of the Original Credit and the Additional Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.08. The Payment Currency is Dollar.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project through MPWT, MONRE and MPI and MOF, in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

4.01. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

4.02. For purposes of Section 10.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the Signature Date.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient’s Representative is its Minister at the time responsible for finance.
5.02. For purposes of Section 11.01 of the General Conditions:

(a) the Recipient’s address is:

Ministry of Finance
23rd Singha Road
Saysettha District
Vientiane
Lao PDR; and

(b) the Recipient’s Electronic Address is:

Facsimile: 856-21-412142
E-mail: soulivath@gmail.com

5.03. For purposes of Section 11.01 of the General Conditions:

(a) The Association’s address is:

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

(b) the Association’s Electronic Address is:

Facsimile: 1-202-477-6391
E-mail: laopdr@worldbank.org
AGREED as of the Signature Date.

LAO PEOPLE’S DEMOCRATIC REPUBLIC

By

[Signature]

Authorized Representative

Name: Bounchom UBONPASEUTH
Title: Deputy Minister of Finance
Date: 29 January 2020

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]

Authorized Representative

Name: Nicola Pontare
Title: Country Manager
Date: 28 January 2020
SCHEDULE I

Project Description

The objective of the Project is to reduce the impacts of flooding in Target Areas and enhance the Recipient’s capacity to provide hydro-meteorological services and disaster response.

The Project constitutes a part of a regional program designed to help reduce the impacts of natural hazards in South-east Asia, and consists of the following parts:


1.1. Structural Investments. Supporting: (a) climate-resilient construction and rehabilitation of flood protection infrastructure, including investments in riverbank protection, embankments, canal improvements, water gates, pumping stations, river-side parks, improvements of public spaces, and restoration of wetlands in urban areas; and (b) resettlement activities through assistance in financing for compensation and assistance to Displaced Person(s).

1.2. Non-structural Investments. Providing technical and analytical support for capacity-building on integrated urban flood risk management, including, inter alia: (a) the development of an waterways asset management system and associated data collection; (b) risk-informed urban planning; (c) flood risk management strategies for future investments in urban resilience.

1.3. Project Management. Provision of assistance to strengthen the institutional, organizational and technical capacity of MPWT to support implementation of Part 1 of the Project, including coordination, technical matters, procurement, financial management, social and environmental safeguards, monitoring and evaluation, and reporting.

Part 2: Hydromet Modernization and Early Warning Systems

2.1. Strengthening Early Warning Systems and Service Delivery Systems. Provision of technical support for early warning dissemination and service delivery systems, through, inter alia: (a) developing and implementing a service delivery strategy; (b) strengthening early warning services by developing localized and impact based warning products and enhancing the timely dissemination of warnings; (c) enhancing accessibility of hydro-meteorological information; (d) introducing a quality management system for service production.
and delivery; and (e) capacity building on service delivery, hydro-meteorological monitoring and forecasting, database management and communications systems.

2.2. *Modernizing the Observing, Forecasting and Communications Systems.* Supporting the expansion of the hydro-meteorological network, and forecasting and communications system in the Project Provinces, through, *inter alia:* (a) installing new and upgrading existing hydro-meteorological stations; (b) renovating selected office facilities; and (c) enhancing forecasting, dissemination, communication, and information technology systems.

2.3. *Project Management.* Provision of assistance to strengthen the institutional, organizational and technical capacity of MONRE to support implementation of Part 2 of the Project, including coordination, technical matters, procurement, financial management, social and environmental safeguards, monitoring and evaluation, and reporting.

**Part 3: Financial Planning for Disaster Resilience**

3.1. *Support for Strengthening National Financial Resilience.* Provision of technical assistance to strengthen MOF’s capacity for financial planning for disaster resilience, including: (a) preparing and implementing a national disaster and climate risk finance strategy; (b) facilitating the Recipient’s engagement in the preparation and establishment of a regional disaster risk pooling mechanism; and (c) supporting day-to-day implementation of Part 3 of the Project.

3.2. *Payment of Disaster Risk Insurance Premium.* Facilitating access to sovereign risk insurance, through the financing of Premia.

**Part 4: Knowledge and Coordination**

Provision of assistance to MPI for: (a) overall Project coordination and management, including monitoring and evaluation, and financial audits; (b) studies for mainstreaming disaster risk management in planning and investment; and (c) supporting day-to-day implementation of Part 4 of the Project.

**Part 5: Contingent Emergency Response**

Provision of immediate response to an Eligible Crisis or Emergency, as needed.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

For the purposes of ensuring the efficient and effective carrying out of the Project, the Recipient shall maintain, at all times during the implementation of the Project: (a) Project implementation structures within MPWT, MONRE, MPI and MOF; and (b) a national disaster risk financing and insurance working group; all with functions and resources satisfactory to the Association, and with staff in adequate numbers and with qualifications, experience and terms of reference satisfactory to the Association.

B. Project Operation Manual

The Recipient shall ensure that the Project is carried out in accordance with the arrangements and procedures set out in the Project Operation Manual (provided, however, that in the event of any conflict between the arrangements and procedures set out in the Project Operation Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail) and shall not amend, abrogate or waive any provision of Project Operation Manual unless the Association has provided its prior approval thereof in writing.

C. Memoranda of Understanding

1. To facilitate the carrying out of Part I of the Project, the Recipient shall, through MPWT, not later than three (3) months after the Effective Date, enter into a memorandum of understanding with each of Oudomxay, Luang Prabang and Borikhamxay, under terms and conditions satisfactory to the Association ("Memorandum of Understanding"), which shall specify the responsibilities of, and the modalities of cooperation between MPWT and the DPWT and OPWT in each of Oudomxay, Luang Prabang and Borikhamxay, including: (a) Oudomxay’s, Luang Prabang’s and Borikhamxay’s obligation to comply with the relevant provisions of the Project Operation Manual; and (b) the Recipient’s obligation to provide all such resources as may be necessary for each of Oudomxay, Luang
Prabang and Borikhamxay to carry out the aforesaid responsibilities, all in accordance with the provisions of this Agreement.

2. The Recipient shall exercise its rights under the Memorandum of Understanding in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Credit. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Memorandum of Understanding or any of its provisions.

D. Annual Work Plans and Budgets

1. The Recipient shall ensure that the Association is furnished, not later than October 31 of each fiscal year of the Recipient during the implementation of the Project (or such later date as the Association may agree) for the Association’s no-objection, a consolidated Annual Work Plan and Budget (“AWPB”) containing all Project activities and Eligible Expenditures proposed to be included in the Project in the Recipient’s following fiscal year, including the Association’s, the Recipient’s, and the Project Provinces’ respective shares in the cost of the AWPB.

2. The Recipient shall ensure that the Project is implemented in accordance with the AWPB (provided, however, that in the event of any conflict between the AWPB and the provisions of this Agreement, the provisions of this Agreement shall prevail) and shall provide, promptly as needed, its share of the Project financing as specified in the AWPB.

3. The Recipient shall not make or allow to be made any change to the AWPB without prior no-objection in writing by the Association.

E. Environmental and Social Safeguards

1. The Recipient shall ensure that the Project is carried out in accordance with the Environmental and Social Management Framework, the Resettlement Policy Framework, and the Ethnic Group Engagement Framework.

2. The Recipient shall:

(a) take all necessary actions to avoid or minimize to the extent possible any involuntary relocation of persons, or their loss of shelter, assets, or access to assets, or loss of income sources or means of livelihood, temporarily or permanently;
(b) where the acquisition of land or assets or the displacement of people is unavoidable, before initiating the implementation of any works which would result in such acquisition or displacement, make available to such people compensation and, as applicable, relocate and rehabilitate the Displaced Persons in accordance with the Resettlement Action Plans, and in a manner satisfactory to the Association; and

(c) whenever a Safeguard Assessment and Plan shall be required for any proposed Project activity in accordance with the provisions of the ESMF, the RPF and the EGEF, the Recipient shall ensure that: (i) prior to the commencement of such activity, such Safeguard Assessment and Plan is, as applicable: (A) prepared and furnished to the Association for review and no-objection; (B) disclosed and consulted upon in accordance with the provisions of the ESMF, the RPF and the EGEF, as the case may be; and (C) thereafter finalized and adopted as accepted by the Association, in a manner satisfactory to the Association; and (ii) thereafter such measures are taken as shall be necessary or appropriate to ensure compliance with the requirements of such Safeguard Assessment and Plan.

3. The Recipient shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, the ESMF, the RPF, the EGEF and any Safeguard Assessment and Plan, unless the Association has provided its prior no-objection thereof in writing, and the Recipient has ensured compliance with the same consultation and disclosure requirements as applicable to the original adoption of the said instruments.

4. The Recipient shall ensure that: (a) all terms of reference for any technical assistance or studies carried out under the Project are consistent with, and pay due attention to, the Association’s environmental and social safeguards policies, as well as the Recipient’s own laws relating to the environment and social aspects; and (b) in drafting any regulations, guidelines or procedures and carrying out capacity building activities under the Project, due attention is given to said policies and laws, in accordance with the guidelines set forth in the ESMF.

5. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall ensure that consolidated reports on the status of compliance with the ESMF, the RPF, the EGEF and the Safeguard Assessments and Plans are collected, compiled and furnished to the Association on a six (6) monthly basis (or such other frequency as may be agreed with the Association), and promptly in a separate report whenever the circumstances warrant, giving details of:

(a) measures taken in accordance with the said instruments;
(b) conditions, if any, which interfere or threaten to interfere with the implementation of the said measures; and

(c) remedial measures taken or required to be taken to address such conditions.

6. In the event of any conflict between the provisions of any of the ESMF, the RPF, the EGEF and the Safeguard Assessments and Plans, and the provisions of this Agreement, the provisions of this Agreement shall prevail.

F. Contingent Emergency Response

1. In order to ensure the proper implementation of contingent emergency response activities under Part 5 of the Project ("Emergency Response Part"), the Recipient shall:

(a) prepare and furnish to the Association for its review and approval, an Emergency Response Manual ("ERM") which shall set forth detailed implementation arrangements for the Emergency Response Part, including: (i) any special institutional structures or arrangements for coordinating and implementing the Emergency Response Part; (ii) specific activities which may be included in the Emergency Response Part, Eligible Expenditures required therefor ("Emergency Expenditures"), and any procedures for such inclusion; (iii) financial management arrangements for the Emergency Response Part; (iv) procurement methods and procedures for the Emergency Response Part; (v) documentation required for withdrawals of Emergency Expenditures; (vi) environmental and social safeguard management arrangements and instruments the Emergency Response Part; and (vii) any other arrangements necessary to ensure proper coordination and implementation of the Emergency Response Part;

(b) afford the Association a reasonable opportunity to review the proposed ERM;

(c) promptly adopt the ERM for the Emergency Response Part as accepted by the Association;

(d) ensure that the Emergency Response Part is carried out in accordance with the ERM; provided, however, that in the event of any inconsistency between the provisions of the ERM and this Agreement, the provisions of this Agreement shall prevail; and
(e) not amend, suspend, abrogate, repeal or waive any provision of the ERM without the prior written approval by the Association.

2. The Recipient shall, throughout the implementation of the Emergency Response Part, maintain the institutional structures and arrangements established in accordance with the ERM, with adequate staff and resources satisfactory to the Association.

3. The Recipient shall undertake no activities under the Emergency Response Part unless and until the following conditions have been met in respect of said activities:

(a) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include said activities in the Emergency Response Part in order to respond to said Eligible Crisis or Emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof; and

(b) the Recipient has ensured the preparation and disclosure of all safeguard instruments as may be required for said activities in accordance with the ERM, the Association has approved all said instruments, and the Recipient has ensured the implementation of any actions which are required to be taken under said instruments.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of indicators acceptable to the Association and set forth in the Project Operation Manual. Each Project Report shall cover the period of one (1) calendar semester and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

2. The Recipient shall: (a) on or about the date thirty (30) months after the Effective Date, prepare and furnish to the Association a mid-term report, in such detail as the Association shall reasonably request, documenting progress achieved in the carrying out of the Project during the period preceding the date of such report, taking into account the monitoring and evaluation activities performed pursuant to paragraph 1 of this Part A, and setting out the measures recommended to ensure the continued efficient carrying out of the Project and the achievement of its
objectives during the period following such date; and (b) review with the Association such mid-term report, on or about the date forty-five (45) days after its submission, and thereafter take all measures required to ensure the continued efficient implementation of the Project and the achievement of its objectives, based on the conclusions and recommendations of the mid-term report and the Association’s views on the matter.

3. For purposes of Section 5.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than three (3) months after the Closing Date.

Section III. Withdrawal of the Proceeds of the Financing

A. General

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Financing to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Original Credit Allocated (expressed in SDR)</th>
<th>Amount of the Additional Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, and consultants’ services, Training and Workshops, and Operating Costs under Part 1 of the Project and Resettlement Compensation required for Part 1.1 of the Project</td>
<td>9,850,000</td>
<td>18,200,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, works, non-consulting services, and consultants’ services, Training and Workshops, and Operating Costs under Part 2 of the Project</td>
<td>7,300,000</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>Category</td>
<td>Amount of the Original Credit Allocated (expressed in SDR)</td>
<td>Amount of the Additional Credit Allocated (expressed in SDR)</td>
<td>Percentage of Expenditures to be Financed (inclusive of Taxes)</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------</td>
<td>-------------------------------------------------------------</td>
<td>---------------------------------------------------------------</td>
</tr>
<tr>
<td>(3) Goods, works, non-consulting services, and consultants’ services,</td>
<td>1,100,000</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>Training and Workshops, and Operating Costs under Part 4 of the Project</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(4) Premia under Part 3.2 of the Project</td>
<td>3,650,000</td>
<td>0</td>
<td>100% of amount disbursed</td>
</tr>
<tr>
<td>(5) Emergency Expenditures under Part 5 of the Project</td>
<td>0</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>21,900,000</td>
<td>18,200,000</td>
<td></td>
</tr>
</tbody>
</table>

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:

   (a) for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed SDR 4,380,000 may be made for payments made prior to this date but on or after May 25, 2017, for Eligible Expenditures under Categories (1) to (3) for the Original Project;

   (b) under Category (4) unless and until the Recipient has requested the withdrawal of the Original Credit for the payment of Premia to the Southeast Asia Disaster Resilience Insurance Facility or the Association (or both), in each case in accordance with the relevant paragraph of Section IV below; or

   (c) under Category (5), unless and until the Association is satisfied, and notified the Recipient of its satisfaction, that all of the following conditions have been met in respect of said expenditures:
(i) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include the proposed activities in the Emergency Response Part in order to respond to said crisis or emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof;

(ii) the Recipient has ensured that all safeguard instruments required for said activities have been prepared and disclosed, and the Recipient has ensured that any actions which are required to be taken under said instruments have been implemented, all in accordance with the provisions of Section I.F of this Schedule;

(iii) the entities in charge of coordinating and implementing the Emergency Response Part have adequate staff and resources, in accordance with the provisions of Section I.F of this Schedule, for the purposes of said activities; and

(iv) the Recipient has adopted the ERM, in form and substance acceptable to the Association, and the provisions of the ERM remain or have been updated in accordance with the provisions of Section I.F of this Schedule so as to be appropriate for the inclusion and implementation of the Emergency Response Part.

2. The Closing Date is December 31, 2024.

Section IV. Other Undertakings

1. Payment of Premia to Southeast Asia Disaster Resilience Insurance Facility. In the event that Recipient requests the withdrawal of the Original Credit for the payment of Premia to the Southeast Asia Disaster Resilience Insurance Facility, it shall: (a) prior to the financing of any Premia, submit to the Association evidence satisfactory to the Association regarding: (i) the establishment and operationalization of the Southeast Asia Disaster Resilience Insurance Facility; and (ii) the execution of a Risk Transfer Agreement between the Recipient and the Southeast Asia Disaster Resilience Insurance Facility, acceptable to the Association; and (b) thereafter exercise its rights and perform its obligations under the Risk Transfer Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Credit, and, except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Risk Transfer Agreement or any provision thereof.
2. **Payment of Premia to the Association.** In the event that the Recipient requests the withdrawal of the Original Credit for the payment of Premia to the Association: (a) the Recipient and the Association shall execute an IDA Risk Transfer Agreement in respect of a disaster risk financing or transfer product under Part 3.2 of the Project, provided by the Association at the Recipient's request; and (b) on or before the effective date of any IDA Risk Transfer Agreement, the Association shall, on behalf of the Recipient, withdraw from the Financing Account and pay to itself the amounts required to pay the Premia up to the amount allocated from time to time for that purpose in Category (4) in the table in Section III above.
SCHEDULE 3

Repayment Schedule

I. REPAYMENT OF THE ORIGINAL CREDIT

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage) *</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each February 15 and August 15:</td>
<td></td>
</tr>
<tr>
<td>commencing August 15, 2022 to and including February 15, 2042</td>
<td>1.65%</td>
</tr>
<tr>
<td>commencing August 15, 2042 to and including February 15, 2047</td>
<td>3.40%</td>
</tr>
</tbody>
</table>

II. REPAYMENT OF THE ADDITIONAL CREDIT

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage) *</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each February 15 and August 15:</td>
<td></td>
</tr>
<tr>
<td>Commencing February 15, 2025 to and including August 15, 2044</td>
<td>1.65%</td>
</tr>
<tr>
<td>commencing February 15, 2045 to and including August 15, 2049</td>
<td>3.40%</td>
</tr>
</tbody>
</table>

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.05 (b) of the General Conditions.
APPENDIX

Definitions

1. “Annual Work Plan and Budget” and the acronym “AWPB” each means the work plan and budget referred to in Section I.D of Schedule 2 to this Agreement; as said plan may be modified from time to time with the prior written no-objection of the Association.

2. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, 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 revised in January 2011 and as of July 1, 2016.

3. “Borikhamxay” means the Recipient’s province of Borikhamxay, or any successor thereto.

4. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.

5. “Displaced Persons” means any person who, on account of the execution of the Project, has experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such person must move to another location; or (b) the involuntary restriction or access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person.

6. “DPWT” means Department of Public Works and Transport in each Project Province, or any successor thereto.

7. “Eligible Crisis or Emergency” means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Recipient, associated with a natural or man-made crisis or disaster.

8. “Emergency Expenditure” means any of the eligible expenditures set forth in the Emergency Response Manual in accordance with the provisions of Section I.F of Schedule 2 to this Agreement and required for the Emergency Response Part.
9. "Emergency Response Manual" and "ERM" each means the plan referred to in Section I.F of Schedule 2 to this Agreement, to be adopted for the Emergency Response Part in accordance with the provisions of said Section.

10. "Emergency Response Part" means a specific activity or activities to be carried out in the event of an Eligible Crisis or Emergency under Part 5 of the Project.

11. "Environmental and Social Assessment" means any assessment to be prepared in accordance with the ESMF pursuant to Section I.E of Schedule 2 to this Agreement, each such assessment in form and substance satisfactory to the Association, defining, inter alia, details of potential environmental and social risks and adverse impacts associated with the implementation of Project activities, as said assessment may be modified from time to time with the prior written no-objection of the Association, and such term includes any annexes and schedules to such assessment.

12. "Environmental and Social Management Framework" and the acronym "ESMF" each means the Recipient's framework dated April, 2017, setting out the principles, standards, processes and tools to be applied to assess potential adverse environmental and social impacts associated with Project activities and the ways to avoid, minimize and/or mitigate them, with related public consultation, disclosure, monitoring, reporting and grievance redress procedures, including the Environmental Code of Practice, and small dams safety measures, as said framework may be modified from time to time with the prior written no-objection of the Association, and such term includes any schedules or annexes to such framework.

13. "Environmental and Social Management Plan" means any plan to be prepared in accordance with the ESMF pursuant to Section I.E of Schedule 2 to this Agreement, each such plan in form and substance satisfactory to the Association, setting out, inter alia, details of measures to manage potential environmental and social risks and avoid, minimize and/or mitigate any adverse environmental and social impacts associated with the implementation of Project activities, together with adequate budget, institutional, monitoring, reporting and grievance redress arrangements capable of ensuring proper implementation of, and regular feedback on compliance with, its terms, as said plan may be modified from time to time with the prior written no-objection of the Association, and such term includes any annexes and schedules to such plan.

14. "Environmental Code of Practice" means the code included in the ESMF, setting out measures and procedures to avoid, minimize and/or mitigate any adverse environmental, social, health and safety impacts that may result from the implementation of the Project.
15. “Ethnic Groups” means social groups residing or engaged in livelihood activities in the Project area, which have a distinct, vulnerable, social and cultural identity, and that possess the following characteristics in varying degrees: (a) self-identification as members of a distinct indigenous cultural group and recognition of this identity by others; (b) collective attachment to geographically distinct habitats or ancestral territories in the Project area and to the natural resources in these habitats and territories; (c) customary cultural, economic, social, or political institutions that are separate from those of the dominant society and culture; and (d) an indigenous language.

16. “Ethnic Groups Engagement Framework” and the acronym “EGEF” each means the Recipient’s framework, dated April 2017, setting out the strategy to be implemented in the carrying out of the Project in areas where Ethnic Groups are residing, cultivating, hunting and carrying out other similar social activities, which strategy includes special planning measures or actions to be undertaken aimed at ensuring that through informed consultation the Ethnic Groups receive the benefits from the Project in a culturally compatible manner acceptable to them, and do not suffer adverse effects as a result of the implementation of the Project, with related public consultation, disclosure, monitoring, reporting and grievance redress procedures, as said framework may be modified from time to time with the prior no-objection of the Association, and such term includes any schedules or annexes to such framework.

17. “Ethnic Groups Development Plan” means any plan to be prepared by the Recipient in accordance with the EGEF, pursuant to Section I.E of Schedule 2 to this Agreement, each such plan in form and substance satisfactory to the Association, setting out the measures to be undertaken in accordance with the EGEF to ensure culturally appropriate social and economic benefits for the Ethnic Groups affected by Project activities, and to avoid, minimize, mitigate and/or compensate for any potential adverse effects on the Ethnic Groups associated with such activities; as said plan may be modified from time to time with the prior no-objection of the Association, and such term includes any schedules or annexes to such plan.


19. “Grant Agreement” means the letter agreement amended as of the date of this Agreement between the Recipient and the World Bank, acting as administrator of the Southeast Asia Disaster Risk Insurance Facility (SEADRIF) Program Multi-
Donor Trust Fund to provide additional assistance towards the financing of Part 3.1 of the Project.

20. “Luang Prabang” means the Recipient’s province of Luang Prabang, or any successor thereto.

21. “Memorandum of Understanding” means a memorandum of understanding to be entered into between the Recipient and each of Luang Prabang, Borikhamxay, and Oudomxay and referred to in Section I.C of Schedule 2 to this Agreement, for the purpose of carrying out Part I of the Project, as such memorandum of understanding may be revised from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such memorandum of understanding.

22. “MOF” means the Recipient’s Ministry of Finance, and any successor thereto.

23. “MONRE” means the Recipient’s Ministry of Natural Resources and Environment, or any successor thereto.

24. “MPI” means the Recipient’s Ministry of Planning and Investment, or any successor thereto.

25. “MPWT” means the Recipient’s Ministry of Public Works and Transport, or any successor thereto.


27. “Operating Costs” means the reasonable costs of goods and non-consulting services required for the day-to-day coordination, administration and supervision of Project activities, including leasing and/or routine repair and maintenance of vehicles, equipment, facilities and office premises, fuel, office supplies, utilities, consumables, communication expenses (including postage, telephone and internet costs), website maintenance, translation, printing and photocopying expenses, bank charges, publications and advertising expenses, insurance, Project-related meeting expenses, Project-related travel, subsistence and lodging expenses, and other costs directly related to the Project, but excluding salaries, bonuses, fees and honoraria or equivalent payments of members of the Recipient’s civil service.

28. “OPWT” means District Office of Public Works and Transport in each Project Province, or any successor thereto.
29. "Original Financing Agreement" means the financing agreement for the Original Project between the Recipient and the Association, dated August 30, 2017 (Credit No. 6120-LA).

30. "Original Project" means the project set forth in Schedule 1 of the Original Financing Agreement.

31. "Oudomxay" means the Recipient's province of Oudomxay, or any successor thereto.

32. "Premia" such amounts as may be payable by the Recipient to either: (a) the Southeast Asia Disaster Resilience Insurance Facility under a Risk Transfer Agreement, acceptable to the Association; or (b) the Association from time to time in consideration for the entry into an IDA Risk Transfer Agreement.

33. "Procurement Regulations" means, for purposes of paragraph 87 of the Appendix to the General Conditions, the "World Bank Procurement Regulations for IPF Borrowers", dated July 2016, revised November 2017 and August 2018.

34. "Project Operational Manual" and the acronym “POM” each means the manual adopted by Recipient for the implementation of the Project referred to in Section I.B of Schedule 2 to this Agreement, containing detailed arrangements and procedures for: (a) institutional coordination and day-to-day execution of the Project; (b) disbursement and financial management; (c) procurement; (d) environmental and social safeguards management; (e) monitoring and evaluation, reporting and communication; and (f) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project; as said manual may be modified from time to time with the prior written no-objection of the Association, and such term includes any schedules to such manual.

35. “Project Provinces” means, unless otherwise agreed with the Association in writing, collectively, the provinces of Oudomxay, Luangprabang, and Phongsaly, in the Recipient’s territory, or any successor(s) thereto and any additional Provinces as the Association may agree to be included in the POM; and “Project Province” means, individually, any one of them.

36. “Resettlement Action Plan” means any plan to be prepared in accordance with the RPF, pursuant to Section I.E of Schedule 2 to this Agreement, each such plan in form and substance satisfactory to the Association, setting out, inter alia, measures for compensation and resettlement of any Displaced Persons, including the magnitude of displacement, compensation and resettlement arrangements, budget
and cost estimates, and sources of funding, together with adequate institutional, monitoring, reporting and grievance redress arrangements capable of ensuring proper implementation of, and regular feedback on compliance with its terms, as said plan may be modified from time to time with the prior written no-objection of the Association, and such term includes any annexes and schedules to such plan.

37. "Resettlement Compensation" means the costs of implementing the resettlement assistance and compensation measures required in accordance with the terms of the RAPs.

38. "Resettlement Policy Framework" and the acronym “RPF” each means the Recipient’s framework, dated April 2017, setting out measures and actions to be taken during the implementation of the Project for the provision of compensation, rehabilitation and resettlement assistance to any Displaced Persons, and protocols and procedures for voluntary land donations, with related public consultation, disclosure, monitoring, reporting and grievance redress procedures; as said framework may be modified from time to time with the prior written no-objection of the Association, and such term includes any schedules or annexes to such framework.

39. "Safeguard Assessment and Plan" means any Environmental and Social Assessment, Environmental and Social Management Plan, Ethnic Group Development Plan and Resettlement Action Plan to be prepared in accordance with the ESMF, the EGEF or the RPF, as the case may be, and the provisions of Section I.E of Schedule 2 to this Agreement, as said assessment and plan may be modified from time to time with the prior no-objection of the Association, and such term includes any annexes and schedules to such assessment and plan; and "Safeguard Assessments and Plans" means, collectively, all such assessments and plans.

40. "Signature Date" means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to “the date of the Financing Agreement” in the General Conditions.

41. "Southeast Asia Disaster Resilience Insurance Facility” means an insurance facility (of the same or any other name) to be established, in form and substance acceptable to the Association, for the purpose of providing disaster risk insurance to governments in the South East Asia region.

42. "Training and Workshops" means the reasonable costs of goods and services required for the participation of personnel involved in training and educational activities, workshops and study tours under the Project as set forth in the respective
Annual Work Plan and Budget, including travel and subsistence costs for training, workshop and study tour participants, costs associated with securing the services of trainers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, scholarships, and other costs directly related to training or education course, workshop or study tour preparation and implementation, but excluding fees of consultants.

43. “Target Areas” means selected areas in the Provinces of Luang Prabang, Borikhamxay, and Oudomxay, and Vientiane Capital or any other areas as may be agreed between the Recipient and the Association.