European Union Food Crisis Rapid Response Facility Trust Fund Grant Agreement

(Lao Community Nutrition Project)

between

LAO PEOPLE’S DEMOCRATIC REPUBLIC

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

acting as administrator of the European Union Food Crisis Rapid Response Facility Trust Fund

Dated August 12, 2010
EU FCRR TF GRANT NUMBER TF097071

EUROPEAN UNION FOOD CRISIS RESPONSE FACILITY TRUST FUND
GRANT AGREEMENT

AGREEMENT dated, August 12, 2010, entered into between LAO
PEOPLE’S DEMOCRATIC REPUBLIC (“Recipient”); and INTERNATIONAL
DEVELOPMENT ASSOCIATION (“World Bank”), acting as Administrator of the
European Union Food Crisis Rapid Response Facility Trust Fund.

WHEREAS the European Union through the International Development
Association (“World Bank”), acting as Administrator of the European Union Food Crisis
Rapid Response Facility Trust Fund has agreed to extend additional assistance to the
Recipient for the Lao Community Nutrition Project as described in the Food Price Crisis
response Trust Fund Grant Agreement for said project dated October 30, 2009 (the “FPC
Agreement”);

NOW THEREFORE the Recipient and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions

1.01. 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. Unless the context requires otherwise, the capitalized terms used in this
Agreement have the meanings ascribed to them in the Standard Conditions or in
the Appendix to the FPC Agreement.

Article II
The Project

2.01. The Recipient declares its commitment to the objectives of the Project. To this
end, the Recipient shall carry out the Project through the MOH in accordance
with the provisions of Article II of the Standard Conditions and the FPC
Agreement, as such agreement may be amended from time to time.

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, acting as administrator of the European Union Food Crisis Rapid Response Facility Trust Fund, agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to one million four hundred forty thousand Euros (€1,440,000) (“Grant”) to assist in financing of the Project.

3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.

3.03. The Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions. In accordance with Section 3.02 of the Standard Conditions, the Recipient may withdraw the Grant proceeds subject to the availability of such funds.

Article IV
Recipient's Representative; Addresses

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

4.02. 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. 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

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

AGREED at Vientiane, Lao PDR, as of the day and year first above written.

LAO PEOPLE’S DEMOCRATIC REPUBLIC

By /s/ Viengthong Siphandone

Authorized Representative

INTERNATIONAL DEVELOPMENT
ASSOCIATION
acting as administrator of the European Union Food Crisis
Rapid Response Facility Trust Fund

By /s/ Annette Dixon

Authorized Representative
SCHEDULE 1

Project Description

The objectives of the Project are to improve coverage of essential maternal and child health services and improve mother and child caring practices among pregnant and lactating women and children less than two (2) years old in the seven (7) southern and central provinces.

The description of the Project in Schedule 1 to the FPC Agreement, is incorporated by reference in this Schedule 1 to the Agreement.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Implementation Arrangements

The Implementation Arrangements described in Section I.A of Schedule 2 to the FPC Agreement are incorporated by reference in this Section I.A of Schedule 2 to this Agreement.

B. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 (“Anti-Corruption Guidelines”) with the modifications set forth in Section II of the Appendix to this Agreement.

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 publicly the European Union 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, take all measures required on its part to enable the representatives of the European Union to visit any part of the Recipient’s territory for purposes related to the Project.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. (a) The Recipient 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 and on the basis of indicators mentioned in paragraph (b) below. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the World Bank not later than forty-five (45) days after the end of the period covered by such report.

(b) The performance indicators from the FPC Agreement are incorporated by reference hereto with the following additional:
(i) number of Project-supported health centers in which staff have been fully trained on maternal, neonatal, and children’s health courses;

(ii) number of Project-supported health centers which have received four (quarterly) supportive supervision visits in the last twelve (12) months;

(iii) number of community-based distributors who have been trained; and

(iv) number of households visited by a community-based distributor in the last quarter.

2. The Recipient shall 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 six (6) months after the Closing Date.

B. **Financial Management; Financial Reports; Audits**

1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

2. The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank as part of the Project Report covering the quarter, in form and substance satisfactory to the World Bank.

3. The Recipient shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07(b) of the Standard Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

**Section III. Procurement**

A. **General**

1. **Consultant Guidelines.** All 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:

   (a) Sections I and IV of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the World Bank in
May 2004 and revised in October 2006 and May 2010 ("Consultant Guidelines") in the case of consultants' services; and

(b) the provisions of this Section III, as the same shall be elaborated in the Procurement Plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.24 of the Consultant Guidelines ("Procurement Plan").

2. Definitions. The capitalized terms used below in 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 Consultant Guidelines.

B. Particular Methods of Procurement of Consultants’ Services

1. Quality- and Cost-based Selection. Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

2. Other Methods of Procurement of Consultants’ Services. The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants’ services for those assignments which are specified in the Procurement Plan which the Bank agrees meet the requirements set forth in the Consultant Guidelines for their use: (A) Quality Based Selection; (B) Least Cost Selection; (C) Selection Based on Consultants’ Qualifications; (D) Single-Source Selection; and (E) Selection of Individual Consultants.

C. 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.
Section IV. **Withdrawal of Grant Proceeds**

A. **General**

1. The Recipient may, subject to the provisions of Section 3.03 of this Agreement, 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 100% of Eligible Expenditures.

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:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in Euros)</th>
<th>Percentage of Expenditures to be Financed (exclusive of taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) CCT Sub-grants</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Consultants’ Services</td>
<td>310,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Incremental Operating Costs managed by the Lao Women’s Union</td>
<td>410,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Incremental Operating Costs of MOH</td>
<td>720,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>1,440,000</td>
<td></td>
</tr>
</tbody>
</table>

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.
2. The Closing Date is June 30, 2011.
Section I. Definitions

The definitions in the FPC Agreement are incorporated by reference hereto except for the definition of “Incremental Operating Costs which is replaced by the following for the purpose of this Agreement:

“‘Incremental Operating Costs’ means reasonable expenditures incurred by the Recipient in managing and coordinating the implementation of the Project, including costs of office equipment and supplies, travel costs including per diems and lodging of staff, fuel costs, vehicle maintenance, communication, utilities, consumables, and training and workshops conducted in the territory of the Recipient, including purchase and publication of materials, rental of facilities, course fees, and travel, accommodation and subsistence of trainees, which expenditures would not have been incurred absent the Project but excluding salaries or salary supplements of officials of the Recipient’s civil service.”

Section II. Modifications to the Anti-Corruption Guidelines

The Anti-Corruption Guidelines are modified as follows:

1. Section 5 is re-numbered as Section 5(a) and a new Section 5(b) is added to read as follows:

“...(b) These Guidelines also provide for the sanctions and related actions to be imposed by the Bank on Borrowers (other than the Member Country) and all other individuals or entities who are recipients of Loan proceeds, in the event that the Borrower or the individual or entity has been debarred by another financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

2. Section 11(a) is modified to read as follows:

“...(a) sanction in accordance with prevailing Bank’s sanctions policies and procedures (fn13) a Borrower (other than a Member Country) (fn14) or an individual or entity, including (but not limited to) declaring such Borrower, individual or entity ineligible publicly, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; (ii) to benefit from a Bank-financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or implementation of the project or any other project financed, in whole or in part, by the Bank, if at any time the Bank determines (fn15) that such Borrower, individual or entity has engaged in
corrupt, fraudulent, collusive, coercive or obstructive practices in connection with the use of loan proceeds, or if another financier with which the Bank has entered into an agreement for the mutual enforcement of debarment decisions has declared such person or entity ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

Footnotes:

“13. An individual or entity may be declared ineligible to be awarded a Bank financed contract upon completion of sanctions proceedings pursuant to the Bank’s sanctions policies and procedures, or under the procedures of temporary suspension or early temporary suspension in connection with an ongoing sanctions proceeding, or following a sanction by another financier with whom the Bank has entered into a cross debarment agreement, as a result of a determination by such financier that the firm or individual has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

“14. Member Country includes officials and employees of the national government or of any of its political or administrative subdivisions, and government owned enterprises and agencies that are not eligible to bid under paragraph 1.8(b) of the Procurement Guidelines or participate under paragraph 1.11(c) of the Consultant Guidelines.”

“15. The Bank has established a Sanctions Board, and related procedures, for the purpose of making such determinations. The procedures of the Sanctions Board set forth the full set of sanctions available to the Bank. In addition, the Bank has adopted an internal protocol outlining the process to be followed in implementing debarments by other financiers, and explaining how cross-debarments will be posted on the Bank’s website and otherwise be made known to staff and other stakeholders.”