Re: Grant no. TF091192
Multi-Donor Trust Fund for the Public Finance Management Strengthening Program (PFMSP)
Additional Instructions (First Revision): Disbursement

Excellency:

We refer to the Letter Agreement ("Agreement") between Lao People's Democratic Republic ("Recipient") and International Development Association ("Association") acting as administrator of Public Finance Management Strengthening Program Multi-Donor Trust Fund. The Agreement provides that the Association may issue additional instructions regarding the withdrawal of the proceeds of Grant no. TF091192. We also refer to your letter no. 2034/MOF dated September 20, 2011 requesting an increase in the ceiling of the Designated Account. We are pleased to inform you of our agreement to your request. The change is reflected in this letter ("Disbursement Letter"), as revised from time to time, which supersedes the disbursement letter dated November 6, 2008.

The attached World Bank Disbursement Guidelines for Projects, dated May 1, 2006, ("Disbursement Guidelines") (Attachment 1), are an integral part of the Disbursement Letter. The manner in which the provisions in the Disbursement Guidelines apply to the Agreement is specified below. Sections and subsections in parentheses below refer to the relevant sections and subsections in the Disbursement Guidelines and, unless otherwise defined in this letter, the capitalized terms used have the meanings ascribed to them in the Disbursement Guidelines.

I. Disbursement Arrangements

(i) Disbursement Methods (section 2). The following Disbursement Methods may be used:

- Reimbursement
- Advance
- Direct Payment
- Special Commitment

(ii) Disbursement Deadline Date (subsection 3.7). The Disbursement Deadline Date is the same date as the Closing Date of February 29, 2012. Any changes to this date will be notified by the Association.
II. Withdrawal of Grant Proceeds

(i) Authorized Signatures (subsection 3.1). For any changes, a letter in the Form attached (Attachment 2) should be furnished to the Association at the address indicated below providing the name(s) and specimen signature(s) of the official(s) authorized to sign Applications:

The World Bank - Vientiane
Patou Xay Nehru Road
P.O. Box 345
Vientiane, Lao PDR
Attention: Country Director

(ii) Applications (subsections 3.2 - 3.3). Please provide completed and signed (a) applications for withdrawal, together with supporting documents, and (b) applications for special commitments, together with a copy of the commercial bank letter of credit, to the address indicated below:

The World Bank
23/F, The Taipan Place Building
F. Ortigas Jr. Road, Ortigas Center
Pasig City, Metro Manila, Philippines
Attention: Loan Department

(iii) Electronic Delivery (subsection 3.4) The Association may permit the Recipient to electronically deliver to the Association Applications (with supporting documents) through the Association's Client Connection, web-based portal. The option to deliver Applications to the Association by electronic means may be effected if: (a) the Recipient has designated in writing, pursuant to the terms of subparagraph (i) of this Section, its officials who are authorized to sign and deliver Applications and to receive secure identification devices ("Tokens") from the Association for the purpose of delivering such Applications by electronic means; and (b) all such officials designated by the Recipient have registered as users of Client Connection. If the Association agrees, the Association will provide the Recipient with Tokens for the designated officials. Following which, the designated officials may deliver Applications electronically by completing Form 2380, which is accessible through Client Connection (https://clientconnection.worldbank.org). The Recipient may continue to exercise the option of preparing and delivering Applications in paper form. The Association reserves the right and may, in its sole discretion, temporarily or permanently disallow the electronic delivery of Applications by the Recipient.

(iv) Terms and Conditions of Use of Tokens to Process Applications. By designating officials to accept Tokens and by choosing to deliver the Applications electronically, the Recipient confirms through the authorized signatory letter its agreement to: (a) abide by the Terms and Conditions of Use of Secure Identification Devices in connection with Use of Electronic Means to Process Applications and Supporting Documentation ("Terms and Conditions of Use of Tokens") provided in Attachment 3; and (b) to deliver the Terms and Conditions of Use of Tokens to each such official and to cause such official to abide by those terms and conditions.

(v) Minimum Value of Applications (subsection 3.5). The Minimum Value of Applications for Direct Payment, Reimbursement, and Special Commitment is 20% of the outstanding balance of the Designated Account.
(vi) Advances (sections 5 and 6).

- **Type of Designated Account** (subsection 5.3): One Segregated Account.
- **Currency of Designated Account** (subsection 5.4): United States Dollars (USD).
- **Financial Institution at which the Designated Account Will Be Opened** (subsection 5.5): Bank of The Lao PDR.
- **Ceiling** (subsection 6.1): USD 300,000.

III. Reporting on Use of Grant Proceeds

(i) **Supporting Documentation (section 4)**. Supporting documentation should be provided with each application for withdrawal as set out below:

- **For requests for Reimbursement**:
  - Statement of Expenditures in the form attached (Attachment 4) for payments against contracts that are not subject to the Association’s prior review.
  - List of payments in the form attached (Attachment 5) together with records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) against contracts that are subject to the Association’s prior review.

- **For reporting eligible expenditures paid from the Designated Account**:
  - Statement of Expenditures in the form attached (Attachment 4) for payments against contracts that are not subject to the Association’s prior review.
  - List of payments in the form attached (Attachment 5) together with records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) against contracts that are subject to the Association’s prior review.
  - A designated account reconciliation (Attachment 6) and related bank statement.

- **For requests for Direct Payment**: records evidencing eligible expenditures, e.g., copies of receipts, supplier invoices.

(ii) **Frequency of Reporting Eligible Expenditures Paid from the Designated Account** (subsection 6.3): Monthly.

V. Other Important Information


If you have not already done so, the Association recommends that you register as a user of the Client Connection website ([https://clientconnection.worldbank.org](https://clientconnection.worldbank.org)). From this website you will be able to download Applications, monitor the near real-time status of the Grants, and retrieve related policy, financial, and procurement information. All Recipient officials authorized to sign and deliver Applications by electronic means are required to register with Client Connection before electronic delivery can be effected. For more information about the website and registration arrangements, please contact the Association by email at <clientconnection@worldbank.org>. 


If you have any queries in relation to the above, please contact Thao L. Nguyen at tlnguyen@worldbank.org or a team member of the Loan Department at ctrdm-manila@worldbank.org using the above reference.

Yours sincerely,

/s/ Annette Dixon

Authorized Representative
Annette Dixon
Country Director, Lao PDR
East Asia and Pacific Region

Attachments
2. Form for Authorized Signatures
4. Form of Statement of Expenditures
5. Form of Payments Against Contracts Subject to the Association’s Prior Review
6. Form of Designated Account Reconciliation Statement

cc with copies: Mme Thongdy Soulichack
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Head of PFMSIP Implementation
Ministry of Finance
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