Financing Agreement

(Early Childhood Education Project)

between

LAO PEOPLE’S DEMOCRATIC REPUBLIC

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated May 14, 2014
FINANCING AGREEMENT

AGREEMENT dated May 14, 2014, entered into between LAO PEOPLE’S DEMOCRATIC REPUBLIC (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

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

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant and a credit (collectively, “Financing”) in the following amounts to assist in financing the project described in Schedule 1 to this Agreement (“Project”):

(a) an amount equivalent to nine million one hundred thousand Special Drawing Rights (SDR 9,100,000) (“Grant”); and

(b) an amount equivalent to nine million one hundred thousand Special Drawing Rights (SDR 9,100,000) (“Credit”).

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

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

2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Payment Dates are February 15 and August 15 in each year.
2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.07. The Payment Currency is Dollars.

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 MoES in accordance with the provisions of Article IV of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association 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 IV — EFFECTIVENESS; TERMINATION

4.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

4.02. For purposes of Section 8.05(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 date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient’s Representative is its Minister of Finance.

5.02. The Recipient’s Address is:

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

Facsimile:
856-21-412142
5.03. The Association's Address is:

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

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

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: Thipphakone CHANTHAVONGSA
Title: Vice-Minister

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Ulrich Zachau
Title: Country Director
SCHEDULE 1

Project Description

The objective of the Project is to increase the coverage and improve the quality of early childhood education services for three (3) to five (5) year-olds in Target Districts.

The Project consists of the following parts:

1. Increasing Coverage of Early Childhood Education in Target Districts

   1.1. Provision of Construction Grants and Training to Participating Villages in Target Districts for the construction of pre-primary classrooms with age-appropriate water and sanitation facilities and accessibility standards for physically disabled children.

   1.2. (a) Establishment of CCDGs for three (3) and four (4)-year-olds in Target Districts through, inter alia, the provision of:

         (i) CCDG Grants to VEDCs to, inter alia: support early childhood education activities;

         (ii) Training to VEDC to manage CCDG Grants effectively;

         (iii) CCDG tool kits; and

         (iv) Training of CCDG caregivers.

   (b) Provision of Training to teachers in multi-age teaching for three (3) to five (5)-year-olds.

2. Improving Quality of Early Childhood Education Services

   2.1. Provision of:

          (a) a supporting services package for 3 to 5-year-olds, parents, primary caregivers in households and community members, which includes, inter alia:

              (i) community awareness campaign sessions on early childhood education services at the village level;

              (ii) childhood disability screening; and
(iii) Sub-projects for the implementation of the National School Meals Program in selected Target Districts; and

(b) technical assistance and Training to MoES, Target Districts, and schools on, inter alia, nutrition and physical health.

2.2. Strengthening the capacity in delivering early childhood education services through the provision of teacher and education officer Training and introduction of multi-age teaching techniques.

3. Project Management, Capacity Development, and Monitoring and Evaluation

3.1. Provision of support to the Recipient in Project management and capacity management including, inter alia, in: financial management, procurement, environmental and social safeguards and audit through, inter alia:

(a) producing a development plan for MoES covering, inter alia: (i) Training, strengthening of technical skills, leadership development, and fellowships; and (ii) research on early childhood education topics;

(b) providing Training to the Recipient at central, provincial and district levels and VEDC in accordance with the development plan; and

(c) carrying out of research in accordance with the development plan.

3.2. Provision of support to the Recipient in monitoring and evaluating the Project through: (a) the provision of technical assistance and Training; and (b) piloting the inclusion of child development indicators in the Recipient’s education management information system.
Section I. Implementation Arrangements

A. Institutional Arrangements

1. During Project implementation:

   (a) a Project Advisory Council chaired by the Minister of MoES and consisting of, inter alia, senior representatives of the MoES, MPI, MOF, MOFA, MOH, MAF, the Ethnic Committee of the National Assembly, the Governor of each of the Participating Provinces, the director of the Provincial Education and Sports Service of each of the Participating Provinces, and the Lao Women’s Union, shall provide overall coordination and oversight of implementation of the Project and be assigned with qualified staff in adequate numbers satisfactory to the Association;

   (b) a Project Steering Committee chaired by the Vice Minister of MoES, and consisting of, inter alia, the director-general of the DPPE as secretary, the directors-general of each of the MoES departments and the Project director, shall, inter alia, provide policy and strategy guidance as needed, approve the Annual Plan and associated budget, and reports prior to submission to the Association for approval, review the implementation progress and results, and support the line departments in their interface with other concerned government agencies; said committee shall be assigned with qualified staff in adequate numbers and provided with sufficient funds, facilities and resources satisfactory to the Association;

   (c) an ECU established in the DPPE consisting of qualified staff with adequate numbers under terms of reference acceptable to the Association, shall, inter alia: (i) provide overall management for the Project; (ii) coordinate all aspects of the Project as to make sure that its objectives are achieved; (iii) ensure that CDs carry out their work according to the Annual Plan, and provide them Training and assistance during implementation of the Project; (iv) liaise with inter alia the Association, relevant government authorities, the CDs, the Project Steering Committee, and ESWG as needed; (v) coordinate the preparation of the Annual Plan and associated budget and monitor the implementation of the work; (vi) coordinate with the CDs and DOF in the preparation of the annual audit of accounts; and (vii) coordinate Project activities and results with the Association and other development partners; and
(d) a Project Working Group chaired by the Project director of the DPPE and members including the Project manager, and concerned CDs shall, *inter alia*: (i) ensure coordination of Project implementation across the Project activities by sharing information among heads of each CD and report on progress to the chair; and (ii) contribute to problem solving related to Project implementation and management; and liaise and coordinate with provincial and district authorities.

2. The Recipient shall:

(a) Carry out the Project in accordance with a Project Implementation Manual satisfactory to the Association, that includes, *inter alia*: (i) Project implementation arrangements; (ii) the procurement procedures set forth in Section III of this Schedule 2 and standard procurement documentation; (iii) Project performance indicators as set forth in Section II.A of this Schedule; (iv) the Environmental Code of Practice, the Environmental and Social Management Plan(s), and the Ethnic Group Development Plan; (v) procedures for the monitoring and reporting of the progress of the Project; (vi) a Finance and Administration Manual; (vii) a Community Based Contracting Operational Manual, (viii) a Community Child Development Group Manual; and (ix) a National School Meals Program Manual, including *inter alia* criteria for the selection of Target Districts for the implementation of Part 2.1.(a).(iii); and

(b) not amend, abrogate, suspend or waive all or part of the Project Implementation Manual without the prior approval in writing of the Association, and in the event of any inconsistency between said manual and the provisions of this Agreement, the provisions of this Agreement shall prevail.

3. The Recipient shall ensure that the Project Steering Committee approves the Annual Plan and associated budget by March 31 in each year of implementation of the Project.

4. During implementation of the Project, the CDs (including their relevant centers and institutes) and a Provincial Implementing Team shall be maintained in each of the Participating Provinces, and a District Implementing Team shall be maintained in each corresponding Target District, to execute Project activities in said districts, all provided with sufficient resources and assigned with qualified staff in adequate numbers satisfactory to the Association.

5. The Recipient shall:
(a) within one (1) month of Effectiveness, appoint/recruit six (6) financial management staff/national consultants, as appropriate, under terms of reference satisfactory to the Association; and

(b) within six (6) months of Effectiveness, appoint an auditor with terms of reference satisfactory to the Association.

B. Sub-grants

1. A Sub-grant shall be eligible for financing out of the proceeds of the Financing if the corresponding proposal for the Sub-project has been prepared and submitted, and the review of the proposal and award of the Sub-grant, has been undertaken, in accordance with the guidelines, procedures and selection criteria set forth in the Community Based Contracting Operational Manual, the Community Child Development Group Manual, or the National School Meals Program Manual, as the case may be.

2. A Sub-grant may be provided to carry out Sub-projects, provided, however, that such Sub-projects:

   (a) are technically and financially feasible, and capable of being implemented by the communities themselves with locally available technical assistance;

   (b) are of benefit to the communities, and to the poor in particular; and

   (c) respond to a public need.

3. The amount of each Sub-grant shall be determined in accordance with the provisions of the Community Based Contracting Operational Manual, the Community Child Development Group Manual, or the National School Meals Program Manual, as the case may be.

4. With respect to each eligible Sub-project for which the Recipient has decided to make available a Sub-grant, the Recipient shall enter into or cause to be entered into a CCDG Sub-grant Agreement, a Construction Sub-grant Agreement or a National School Meals Program Sub-grant Agreement, as the case may be, with the proposed Beneficiary on terms and conditions approved by the Association, which shall include the following:

   (a) the amount of the Sub-grant denominated in Kip;

   (b) details of agreed activities and disbursement schedules;
provisions to suspend or terminate the right of the Beneficiary to use the proceeds of the Sub-grant, or obtain a refund of all or any part of the amount of the Sub-grant then withdrawn, upon the Beneficiary’s failure to perform any of its obligations under the Sub-grant Agreement; and

provisions requiring the Beneficiary to: (i) carry out its Sub-project with (A) due diligence and efficiency and in conformity with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association and to provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for such purpose; and (B) in accordance with the provisions of the Anti-Corruption Guidelines, the Environmental Code of Practice, the Environmental and Social Management Plan(s), the Ethnic Group Development Plan and the Project Implementation Manual; (ii) procure the goods, works and services to be financed out of the Sub-grant in accordance with the provisions of Section III of Schedule 2 to this Agreement; (iii) maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures relating to the Sub-project; (iv) enable the Recipient and the Association to inspect the Sub-project, its operation and any relevant records and documents; (v) from time to time, at the request of either the Recipient or the Association, exchange views with the Recipient and the Association regarding progress achieved in carrying out its Sub-project; and (vi) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.

6. No Sub-project shall be eligible for financing out of the proceeds of the Financing unless a Sub-grant Agreement has been concluded to this effect on terms and conditions set forth in this Part B and the Community Based Contracting Operational Manual, the Community Child Development Group Manual, or the National School Meals Program Manual as the case may be.

7. The Recipient shall exercise its rights and perform its obligations under each Sub-grant Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree in writing, the Beneficiary shall not assign, amend, abrogate or waive any Sub-grant Agreement or any of its provisions.

C. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.
D. Safeguards

1. The Recipient shall ensure that the Project is carried out in accordance with the Environmental Code of Practice and the Ethnic Group Development Plan.

2. Whenever an Environmental and Social Management Plan is required for any Project activity in accordance with the provisions of the Environmental Code of Practice the Recipient shall: (a) prior to the commencement of such activity, ensure that such plan is: (i) prepared in accordance with the provisions of the Environmental Code of Practice; (ii) furnished to the Association for review and approval; and (iii) thereafter adopted and disclosed as approved by the Association, in a manner satisfactory to the Association; and (b) thereafter take such measures as shall be necessary or appropriate to ensure compliance with the requirements of such Environmental Code of Practice, Environmental and Social Management Plan(s) and Ethnic Group Development Plan.

3. The Recipient shall not amend, suspend, abrogate or waive, or permit to be amended, suspended, abrogated or waived, the Environmental Code of Practice and/or the Environmental and Social Management Plan(s) and/or the Ethnic Group Development Plan or any provision of said code or plan, unless the Association has provided its prior approval thereof in writing, and the Recipient has complied with the same consultation and disclosure requirements as applicable to the original adoption of the said instruments.

4. Without limitation on its other reporting obligations under this Agreement, the Recipient shall collect, compile and submit to the Association on an annual basis (or such other frequency as may be agreed with the Association) consolidated reports on the status of compliance with the Environmental Code of Practice, the Environmental and Social Management Plan(s) and the Ethnic Group Development Plan, if any, giving details of: (a) measures taken in furtherance of the said instruments; (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the said measures; and (c) remedial measures taken or required to be taken to address such conditions.

5. In the event of any conflict between the provisions of any of the Environmental Code of Practice, the Environmental and Social Management Plans and an Ethnic Group Development Plan, and the provisions of this Agreement, the provisions of this Agreement shall prevail.
Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association and set out in the Project Implementation Manual. Each Project Report shall cover the period of six (6) calendar months, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. The Recipient shall prepare and furnish to the Association 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 Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09(b) of the General 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 Association not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. **Goods, Works and Non-consulting Services.** All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. **Consultants’ Services.** All consultants’ services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in Sections II
and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. **Particular Methods of Procurement of Goods, Works and Non-consulting Services**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, Goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding subject to the additional provisions mentioned in the Annex to this Schedule 2; (b) Shopping; (c) Direct Contracting; and (d) Community Participation procedures which have been found acceptable to the Association and set out in the Project Implementation Manual.

C. **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 contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Least Cost Selection; (c) Selection based on Consultants' Qualifications; (d) Single-source Selection of consulting firms; (e) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (f) Single-source procedures for the Selection of Individual Consultants.

D. **Review by the Association of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association.
Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall 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 Association 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 Financing (“Category”), the allocations of the amounts of the Financing 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 SDR)</th>
<th>Amount of the 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, consultants’ services, Training and Incremental Operating Costs for the Project</td>
<td>2,050,000</td>
<td>8,700,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) CCDG Grants</td>
<td>260,000</td>
<td></td>
<td>100% of the amount disbursed</td>
</tr>
<tr>
<td>(3) National School Meals Program Grants</td>
<td>4,480,000</td>
<td></td>
<td>100% of the amount disbursed</td>
</tr>
<tr>
<td>(4) Construction Grants</td>
<td>2,010,000</td>
<td></td>
<td>100% of the amount disbursed</td>
</tr>
<tr>
<td>(5) Unallocated</td>
<td>300,000</td>
<td>400,000</td>
<td></td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>9,100,000</td>
<td>9,100,000</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 July 31, 2019.

Section V. Other Undertakings

The amount of the Grant allocated under Category (1) shall be disbursed before the amount of the Credit allocated under said category.
ANNEX 1
To
SCHEDULE 2
National Competitive Bidding Procedures

The procurement procedure to be followed for National Competitive Bidding shall be based on the Public Bidding procurement method as defined in the Decree No. 03/PM on Government Procurement of Goods, Construction, Maintenance and Services, dated January 9, 2004; the Implementing Rules and Regulations, dated March 12, 2004 as amended on May 5, 2009; provided that such procedure shall be subject (a) to the provisions of Section I and Paragraphs 3.3 and 3.4 of the “Guidelines for Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers” (January 2011) (the “Procurement Guidelines”), and (b) the following additional provisions:

1. **Eligibility:** The eligibility of bidders to participate in a procurement process and to be awarded a contract financed by the Association shall be as defined under Section I of the Procurement Guidelines; accordingly, no bidder or potential bidder shall be declared ineligible for contracts financed by the Association for reasons other than those provided in Section I of the Procurement Guidelines.

2. **Domestic Preference:** No domestic preference may be applied in bid evaluation on the basis of bidder nationality, the origin of goods, services or labor, and/or preferential programs.

3. **Registration and Inclusion in the Reference List of Suppliers/Contractors:** Registration and inclusion in the reference list shall not be used as a basis for or as a substitute for assessing the bidders’ qualifications.

4. **Bidding Documents:** Procuring entities shall use the appropriate standard bidding documents acceptable to the Association, which documents shall be prepared to ensure economy, efficiency, transparency, and broad consistency with the provisions of Section I of the Procurement Guidelines.

5. **Bid Opening:** All bids must be opened in public immediately on the deadline set for the bid submission at the date, time and place stipulated in the tender documents. Bids shall be opened in public, that is, the bidders or their representatives may attend the bid opening. The tender committee shall announce the names of the bidders and the price offered by each bidder. A record of the bid opening shall be prepared and shall contain the names of the bidders, bid price, discounts and the names of persons in attendance and the organizations they represent.

6. **Rejection of Bids and Re-bidding:** All bids (or the sole bid if only one bid is received) shall not be rejected, negotiations shall not take place at any time with a
bidder, the procurement process shall not be cancelled, or new bids shall not be solicited without the Association's prior written concurrence.

7. **Contract Modifications:** With respect to contracts subject to the Association’s prior review, the Recipient shall obtain the Association’s no objection before agreeing to: (i) a material extension of the stipulated time for performance of a contract; (ii) any substantial modification of the contract scope of services or other significant changes to the terms and conditions of the contract; (iii) any variation order or amendment (except in cases of extreme urgency) which, singly or combined with all variation orders or amendments previously issued, increases the original contract amount by more than fifteen percent (15%); or (iv) the proposed termination of the contract. A copy of all signed contract amendments shall be provided to the Association for record.

8. **Bid and Contract Securities:** All bid and contract securities shall be in the format specified in the bidding documents.

9. **Fraud and Corruption:** To be deemed acceptable by the Association the bidding documents and contract shall include provision(s) stating the World Bank's policy to sanction firms or individuals, found to have engaged in fraud and corruption as defined in the Procurement Guidelines.

10. **Inspection and Audit Rights:** In accordance with the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Financing shall provide that bidders, suppliers and contractors, and their subcontractors, agents, personnel, consultants, service providers, or suppliers, shall permit the Association to inspect all accounts, records, and other documents relating to the submission of bids and contract performance, and to have them audited by auditors appointed by the Association. Acts intended to materially impede the exercise of the Association’s inspection and audit rights provided for in the Procurement Guidelines constitute an obstructive practice as defined in the Procurement Guidelines.
SCHEDULE 3

Repayment Schedule

<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, 2024 to and including February 15, 2034</td>
<td>1%</td>
</tr>
<tr>
<td>commencing August 15, 2034 to and including February 15, 2054</td>
<td>2%</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 3.03(b) of the General Conditions.
APPENDIX

Definitions

1. "Annual Plan" means an annual operation plan which lists Project activities to be carried out year by year.


3. "Beneficiary" means:
   (a) for a Construction Grant: the VEDC receiving the grant from the Provincial Education and Sports Services;
   (b) for a CCDG Grant: the VEDC receiving the grant from the Provincial Education and Sports Services; and
   (c) for a National School Meals Program Grant: the school receiving the grant from the Provincial Education and Sports Services.

4. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

5. "CCDG" means a Community Child Development Group a group piloted under Part 1.2 of the Project to provide a separate learning environment for three (3) and four (4) year old children.

6. "CCDG Grant" means a Community Child Development Group Grant in Kip made or to be made available by the Recipient through the relevant Provincial Education and Sports Services out of the proceeds of the Financing to a VEDC to finance, in part, the reasonable cost of goods, works and services required for the carrying out of the corresponding CCDG Sub-project.

7. "CCDG Grant Agreement" means the agreement to be entered into between the VEDC and the Provincial Education and Sports Services for purposes of providing a CCDG grant and the carrying out of a CCDG Sub-project by a VEDC in accordance with Section I.B. of Schedule 2 to this Agreement.

8. "CCDG Sub-project" means a set of community child development activities carried out or to be carried out by a VEDC under Part 1.2 of the Project, using the proceeds of a Community Child Development Grant.
9. "Community Based Contracting Operational Manual" means the updated Operational Manual for Community Based Contracting developed under the Education for All-Fast Track Initiative (EFA-FTI) Catalytic Trust Fund Grant Agreement for the EFA-FTI Catalytic Fund Program attached as an annex to the Project Implementation Manual, as such Manual may be revised from time to time with the prior written approval of the Association, and such term includes annexes and schedules to such Manual.

10. "Community Child Development Group Manual" means the manual developed by the Recipient for the CCDG Grants to be provided under this Project and referred to in Section I.A.2 of Schedule 2 to this Agreement attached as an annex to the Project Implementation Manual, as such Manual may be revised from time to time with the prior written approval of the Association, and such term includes annexes and schedules to such Manual.

11. "Construction Grant" means a grant in Kip made or to be made available by the Recipient through the relevant Provincial Education and Sports Services office out of the proceeds of the Grant to a VEDC to finance, in part, the reasonable cost of goods, works and services required for the carrying out of the corresponding Construction Sub-project.

12. "Construction Grant Agreement" means the agreement to be entered into between the relevant Provincial Education and Sports Services office and a VEDC for purposes of providing a Construction Sub-project Grant and the carrying out of a Construction Sub-project by a Participating Village in accordance with Section I.B. of Schedule 2 to this Agreement.

13. "Construction Sub-project" means a set of construction activities carried out or to be carried out by a VEDC under Part I.1 of the Project, using the proceeds of a Construction Grant.


15. "CD" means a Coordinating Department, a line department that coordinates and supports the implementation of activities under the Project, and the term "CDs" means collectively all such CDs.

16. "District Implementing Team" means the unit to be established by the Recipient in each of the Target Districts in accordance with Section I.A.4 of Schedule 2 to this Agreement.

17. "DOF" means the Department of Finance within MoES or any successor thereto.
18. “DPPE” means the Department of Pre-primary and Primary Education maintained in MoES or any successor thereto.

19. “ECU” means the Recipient’s Education Sector Development Plan Coordination Unit referred to in Section 1.A.1.(c) of Schedule 2 to this Agreement or any successor thereto.

20. “Environmental Code of Practice” means the code adopted by the Recipient, dated December 18, 2013, and referred to in Section I.D.1. of Schedule 2 to this Agreement which code sets forth measures to mitigate any adverse environmental impact that may result from the implementation of the Project which includes an environmental screening checklist and guidelines on environmentally sound construction aspects; as said code may be revised from time to time with the prior written approval of the Association.

21. “Environmental and Social Management Plan” means each plan, acceptable to the Association and prepared on the basis of the Environmental Code of Practice, setting forth the measures to be taken as part of the implementation of the Project to eliminate or offset adverse environmental and social impacts of such implementation, or to reduce such impacts to acceptable levels, and setting forth the actions needed to implement such measures, as such plan may be revised from time to time with the prior written approval of the Association.


23. “ESWG” means the Education Sector Working Group with representatives from senior MoES officials and development partners, that ensures the five (5) aid effectiveness principles of: increased partner government ownership, alignment, harmonization, managing for results and mutual accountability with the aim of improving planning, promoting harmonization, maximizing the impact of investments on education outcomes and enhancing the education sector’s contribution to national development.

24. “Ethnic Committee of National Assembly” means the committee of the National Assembly dealing with ethnic affairs or any successor thereto.

25. “Ethnic Group” means, for purposes of the Project, the social groups residing or engaged in livelihood activities under the Project from time to time; each of which possesses a distinct social and cultural identity that makes it vulnerable to being disadvantaged in the development process, including the presence in varying degrees of the following characteristics: (i) close attachment to ancestral territories and to the natural resources in these areas; (ii) self-identification and identification by others as members of a distinct cultural group; (iii) a language,
often different from the Lao language; (iv) presence of customary social and political institutions; and (v) primarily subsistence-oriented production.

26. "Ethnic Group Development Plan" means the Ethnic Group Development Plan dated December 18, 2013, satisfactory to the Association, which sets forth the strategy to be implemented or caused to be implemented by the Recipient 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; as said plan may be revised from time to time with the prior written approval of the Association.

27. "Finance and Administration Manual" means the manual that sets forth the day-to-day financial management measures and procedures to be undertaken by the Recipient in the carrying out of the Project, consistent with the provisions set forth in Section II of Schedule 2 to this Agreement and attached as an annex to the Project Implementation Manual, as said manual may be revised from time to time with the prior written approval of the Association.


29. "Governor" means the Governor of a Participating Province or any successor thereto.

30. "Incremental Operating Costs" means reasonable cost of goods and non-consulting services required for the day-to-day implementation of the Project, incurred by the Recipient (which expenditures would not have been incurred absent the Project), including consumable materials and supplies, communications services (postage, telephone and internet), media and printing services, translation and interpretation services, office space rental and utilities, leasing and/or routine repair and maintenance of vehicles, equipment, facilities and office premises, fuel costs, bank and insurance charges required for the Project, administrative support staff, and Project staff travel, lodging and per diems, but excluding salaries (including bonuses, fees and honoraria or equivalent payments) of officials of the Recipient’s civil service.

31. "Kip" means the official currency of Lao People’s Democratic Republic.

32. "Lao Women’s Union" means Lao Woman’s Union of Lao People’s Democratic Republic, a mass organization representing the proper and legitimate benefits of the multi-ethnic Lao women or any successor thereto.
33. "MAF" means the Recipient’s Ministry of Agriculture and Forestry or any successor thereto.

34. "Minister of MoES" means the Recipient’s Minister responsible for MoES or any successor thereto.

35. "MoES" means the Recipient’s Ministry of Education and Sports or any successor thereto.

36. "MOF" means the Recipient’s Ministry of Finance or any successor thereto.

37. "MOFA" means the Recipient’s Ministry of Foreign Affairs or any successor thereto.

38. "MOH" means the Recipient’s Ministry of Health or any successor thereto.

39. "MPI" means the Recipient’s Ministry of Planning and Investment or any successor thereto.

40. "National School Meals Program" means the Recipient’s program providing school lunches which program also addresses short term hunger and promotes linkages with other school interventions such as access to water, other basic health and nutrition services and personal hygiene.

41. "National School Meals Program Grant" means a National School Meals Program Grant in Kip made or to be made available by the Recipient to finance, in part, the reasonable cost of food expenditures, cooking utensils and incentive for cooks required for the carrying out of the corresponding National School Meals Program Sub-project.

42. "National School Meals Program Grant Agreement" means the agreement to be entered into between the recipient school and the relevant Provincial Education and Sports Services office for purposes of providing a National School Meals Program Grant in accordance with the provisions of Section I.B of Schedule 2 to this Agreement.

43. "National School Meals Program Sub-project” means a set of activities carried out or to be carried out under Part 2.1 of the Project, using the proceeds of a National School Meals Program Grant.

44. "National School Meals Program Manual" means the National School Meals Program Manual developed under the Education for All-Fast Track Initiative (EFA-FTI) Catalytic Trust Fund Grant Agreement for the EFA-FTI Catalytic Fund Program as updated, attached as an annex to the Project Implementation Manual, as such Manual may be revised from time to time with the prior written
approval of the Association, and such term includes annexes and schedules to such Manual.

45. "Participating Provinces" means the provinces of Attapeu, Bokeo, Borikhamxay, Champasak, Huaphanh, Oudomxay Phongsali, Saravane, Savannakhet, Sekong, and Xayabuly; or such other province(s) which may become eligible in accordance with the criteria set out in the Project Implementation Manual and agreed to between the Recipient and the Association, and the term "Participating Province" means any of said Participating Provinces.

46. "Participating Villages" means villages eligible to receive Construction Grants and Training in Participating Provinces in accordance with the criteria set out in the Project Implementation Manual.


48. "Procurement Plan" means the Recipient’s procurement plan for the Project, dated January 28, 2014 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

49. "Project Advisory Council" means the council referred to in Section I.A.1.(a) of Schedule 2 to this Agreement or any successor thereto.

50. "Project Implementation Manual" means the Project Implementation Manual referred to in Section I.A.2.(a) of Schedule 2 to this Agreement which includes (a) a Community Based Contracting Operational Manual, (b) a Community Child Development Group Manual; and (c) a National School Meals Program Manual.

51. "Project Steering Committee" means the committee referred to in Section I.A.1.(b) of Schedule 2 to this Agreement or any successor thereto.

52. "Project Working Group" means the working group referred to in Section I.A.1.(d) of Schedule 2 to this Agreement or any successor thereto.

53. "Provincial Education and Sports Services" means the Provincial Education and Sports Services established by the Recipient and maintained in each of the Participating Provinces, or any successor thereto.

54. "Provincial Implementing Team" means the unit of the Provincial Education and Sports Services established or to be established by the Recipient in each Participating Province in accordance with the provisions set forth in Section I.A.4 of Schedule 2 to this Agreement.
55. "Sub-grant" means a CCDG Grant, a Construction Grant or National School Meals Program Grant as the case may be and the term "Sub-grants" means all of the said grants.

56. "Sub-grant Agreement" means the CCDG Grant Agreement, the Construction Grant Agreement, or the National School Meals Program Grant Agreement, and the term "Grant Agreements" means all of the said Grant Agreements.

57. "Sub-project" means a CCDG Sub-project, a Construction Sub-project or National School Meals Program Sub-project as the case may be and the term "Sub-projects" means all of the said Sub-projects.

58. "Target Districts" means the districts of Atsaphon, Beng, Et, Houamuang, Khoa, La, Laongam, Oouthoumphon, Pakxong, Pathoumphon, Phin, Sanxai, Saravane, Sopbao, Thateng, Viengxai, Xaisathan, Xaisettha, Xam Tai, Xaychamphon, and Xonbuly; La, Beng, Pha Oudom, Houamuang, Xam Tai, Et, Sopbao, , Viengxai, Oouthoumphon, Phin, Xonbuly, Atsaphon, Saravane, Laongam, Thateng, Pakxong, Pathoumphon, Xaisettha, Sanxai, Xaisathan, Xaychamphon, and Khoa in the Participating Provinces, or such other district(s) which may become eligible in accordance with the criteria set out in the Project Implementation Manual and agreed to between the Recipient and the Association;

59. "Teacher Training Colleges" means colleges under the MoES that provide pre-service teacher training, and "Teacher Training College" means any of said college.

60. "Training" means training, workshops, conferences, study tours, fellowships and scholarships conducted in the territory of the Recipient and abroad, including the reasonable and necessary incremental expenditures incurred on account of organizing or attending learning and knowledge dissemination events, including, fees for educational institutions; fees and allowances for resource persons; travel, board and lodging for resource persons and trainees; logistics and materials associated with conferences, seminars, workshops, study tours, fellowships and scholarships; and other training costs directly associated with the Project but excluding: (a) any costs provided through consulting services contract; and (b) salaries (including bonuses, fees and honoraria or equivalent payments) of officials of the Recipient’s civil service.

61. "VEDC" means a Village Education Development Committee or any successor thereto and the term "VEDCs" means, collectively, more than one VEDC.

62. "Vice Minister of MOES" means the Vice Minister of the MoES and any successor thereto.