H.E. Dr. Liane Thykeo  
Minister of Finance  
Ministry of Finance  
23 Singha Road  
Vientiane, Lao PDR

Excellency:

Re: Khammouane Development Project  
(IDA Grants No. H404-LA & H756-LA)  
Amendment to the Financing Agreement

We refer to: (i) the Financing Agreement dated February 29, 2012, as amended to date, between the Lao People’s Democratic Republic (the Recipient) and the International Development Association (IDA) for the above-referenced Project; and (ii) your letter dated March 19, 2015, requesting the Association to reallocate the proceeds of Grant No. H756-LA, modify the Project’s results framework, and remove the detailed design and construction of four irrigation facilities in the Tha Thot area under Part B.2 in Schedule 1 of the Financing Agreement.

We are pleased to inform you that the Association accedes to your request. Accordingly, the Association hereby proposes to amend the Financing Agreement as follows:

1. Part B.2 in Schedule 1 to the Financing Agreement shall be amended to read as follows:

   “2. Carrying out of studies for potential downstream irrigation development off outlets 1, 2 and 4 of the Nam Theun 2 regulating dam and downstream channel.”

2. Section II.A of Schedule 2 to the Financing Agreement shall be amended to read as follows:

   “A. 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, on the basis of indicators acceptable to the Association and specified in the Operational Manual. Each Project Report shall cover the period of six (6) 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.”

3. The withdrawal table in Section IV.A.2 of Schedule 2 to the Financing Agreement shall be replaced by the table set forth in the Attachment 1 of this letter of amendment.
4. Annex 1 of Schedule 2 to the Financing Agreement shall be deleted in its entirety, and the revised Project performance indicators acceptable to the Association shall be set out in the updated Operational Manual pursuant to paragraph 2 of this letter of amendment.

Except as specifically amended by this letter, all other provisions of the Financing Agreement shall remain unchanged and in full force and effect.

Please confirm your agreement with the amendments set out above by countersigning, dating and returning to us the enclosed copy of this letter. Upon receipt by the Association of the countersigned copy of this letter, the amendments shall become effective as of the date of countersignature.

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

[Signature]

Ulrich Zachau
Country Director, South East Asia
(Brunei, Cambodia, Lao PDR, Malaysia, Myanmar, Thailand)
East Asia and Pacific Region

AGREED:
LAO PEOPLE'S DEMOCRATIC REPUBLIC

By: [Signature]
Authorized Representative
Name: SANTIPHAB PHOMVHANE
Title: Vice Minister
Date: MAY 21, 2015

30th Floor, Siam Tower, 989 Rama I Road, Pathumwan, Bangkok 10330, Thailand
Telephone: (66) 0 26868300, Facsimile: (66) 0 26868301, www.worldbank.org/th
## Schedule 1
### Revised Withdrawal Table

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Original Financing Allocated (expressed in SDR)</th>
<th>Amount of the Additional Financing Allocated (expressed SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Sub-grants under the District Development Fund:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Basic Block Grants</td>
<td>1,222,000</td>
<td>1,844,700</td>
<td>90%</td>
</tr>
<tr>
<td>(b) Agriculture and Livelihood Grants</td>
<td>170,000</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>(2) Sub-grants under the Provincial Development Fund</td>
<td>890,400</td>
<td>0</td>
<td>90%</td>
</tr>
<tr>
<td>(3) Goods, works, non-consultant services, Training and Workshops, consultants’ services and Incremental Operating Costs for Parts A.2 (a) and (b), and A.3 of the Project</td>
<td>914,600</td>
<td>675,300</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Goods, works, non-consultant services, Training and Workshops, consultants’ services and Incremental Operating Costs for Parts B.1 and B.2 of the Project</td>
<td>724,000</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Goods, works, non-consultant services, Training and Workshops, consultants’ services and Incremental Operating Costs for Parts B.3, B.4 and B.5 of the Project</td>
<td>1,476,000</td>
<td>1,300,000</td>
<td>100%</td>
</tr>
<tr>
<td>(6) Sub-grants under Agriculture Grant Program:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Agriculture and Livelihood Grant</td>
<td>0</td>
<td>189,000</td>
<td>100%</td>
</tr>
<tr>
<td>(c) Agriculture Entrepreneur Grant</td>
<td>0</td>
<td>134,000</td>
<td></td>
</tr>
<tr>
<td>(7) Goods, works, non-consultant services, Training and Workshops, consultants’ services and Incremental Operating Costs for Parts C.2 and C.3 of the Project</td>
<td>203,000</td>
<td>1,457,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>5,600,000</strong></td>
<td><strong>5,600,000</strong></td>
<td></td>
</tr>
</tbody>
</table>