

Helsinki, 22 August 2022

Ministry of Finance
P.O. Box 46
23rd Singha Road, Saysettha District,
Vientiane, Lao People's Democratic Republic

Attention: **Mr. Bounchom Ubonpaseuth,**
Minister of Finance

RE: Lao PDR: Lao Road Sector Project 2 (LRSP-2), NDF Project No. C92/93; request for project restructuring

Honourable Minister,

Reference is made to your request dated 3 August 2022 (No: 2293/MoF) and to the Financing Agreement for the Lao Road Sector Project 2 (the "Project") between the Lao People's Democratic Republic (the "Beneficiary") and the Nordic Development Fund ("NDF"), signed on 7 February 2017 (the "Financing Agreement").

As per the Financing Agreement, NDF has agreed to make available to the Beneficiary a credit in an amount up to EUR 6,000,000 (the "Credit") and a non-recoverable grant in an amount up to EUR 5,000,000 (the "Grant"). As prescribed in Annexes 1 (Project Description) and 3 (Eligible Expenditures) of the Financing Agreement, only the Grant portion of the Financing may be used to finance consultancy services.

Please be advised that NDF is in favour of your proposal to

- extend the Closing Date of the Financing Agreement to 31 December 2025, as per point 1 of the request;
- allocate part of the Credit portion of the Financing (approximately EUR 200,000) to cover the costs for services provided by Sweroad and Sweco (the remaining undisbursed contract amounts being USD 152,572.98 and EUR 81,722.29, respectively) by amending Annex 3 to allow for these consultancy services to be financed from the Credit portion of the Financing, as set out under point 2 of the request; and
- utilise the savings from the Credit to improve the two submersible bridges along road number 3904, as set out under point 3 of the request, provided satisfactory supervision of the construction.

As a result of the amendments, disbursements of the Credit will continue to take place after amortisations of the Credit have begun as per Article V of the Financing Agreement, requiring the repayment schedule to be updated after the final disbursement of the Credit has been

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Nordic Development Fund

made, as noted under point 4 of the request. All other terms and conditions of the Financing Agreement will remain unchanged.

We kindly ask you to return a copy of this letter, duly signed by a representative of the Government of the Lao People's Democratic Republic, for our records.

Yours faithfully,

NORDIC DEVELOPMENT FUND

Henrik Franklin
Director, Head Portfolio Origination and
Management

Siv Ahlberg
Program Manager

Acknowledged by the Lao People's Democratic Republic, as Beneficiary under the Financing Agreement,

Place:

Date:

By:

Authorised signatory

Bounchom UBONPASEUTH

Cc: Mr. Lamphoun Khounpakdy, Deputy of Head of Road Administration Division (RAD) & LRSP-2 Coordinator, Department of Roads (DoR), e-mail; lamphoun@gmail.com
Mr. Sombath Southivong, World Bank, Team Leader and Senior Infrastructure Specialist; e-mail: ssouthivong@worldbank.org

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