



Department of State

4390074 (10)

PD-AAD-409

TELEGRAM

UNCLASSIFIED 733

PAGE 01 TEGUCI 00392 052325Z

87
ACTION AID-85

2p.

INFO OCT-01 E-04 IGA-02 INR-08 DODE-00 /100 W
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P 052320Z FEB 71
FM AMEMBASSY TEGUCIGALPA
TO SECSTATE WASHDC PRIORITY 8767

UNCLAS TEGUCIGALPA 392

AIDAC

SUBJECT: PROJECT 522-15-290-053: PRIVATE ENTERPRISE DEVELOPMENT

REF: TEGUCIGALPA 328

FURTHER BREAKDOWN AND JUSTIFICATION FOR ONE HUNDRED ELEVEN THOUSAND FUNDING FOR SUBJECT PROJECT IS AS FOLLOWS:

1. MANPOWER STUDIES: 30,000 SUPPORT FOR CCTI HUMAN RESOURCES OFFICE WHICH PLANS TO STUDY SELECTED INDUSTRIES AND GOVERNMENT AGENCIES CRITICAL TO RATIONALIZATION OF CCTI'S EFFORT IN HUMAN RESOURCE DEVELOPMENT. ✓
2. COMMODITY ASSISTANCE: 5,000 PRIMARILY FOR EQUIPMENT AND VEHICLES TO FACILITATE OPERATION NEW HUMAN RESOURCES OFFICE. ✓
3. SKILLS TRAINING INST.: 9,000 IMPORTANT SCHOLARSHIP SUPPORT FOR RURAL ARTISANS TO ATTEND HONDURAS' ONLY HANDICRAFT TRAINING CENTERS. ✓
4. TRAINING CCTI STAFF: 6,000 IMPORTANT CONTINUATION OF INCREASING THE CAPABILITIES OF CCTI STAFF IN ADMINISTRATION AND KEY TRAINING AREAS. ✓
5. SUPPORT FOR CCTI TECHNICAL ASSISTANCE DIV.: 8,000 TO BUILD UP ITS CAPABILITIES TO SERVICE SMALL AND MEDIUM FIRMS AND PUBLIC SERVICE INDUSTRIES UTILIZING IESC ASSISTANCE. ✓
6. TECHNICAL ASSISTANCE FOR

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Department of State

TELEGRAM

UNCLASSIFIED

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PUBLIC RELATIONS AND FUND RAISING: 3,000 TO GAIN SUPPORT OF PRIVATE SECTOR AND NEEDED FINANCIAL ASSISTANCE FOR CCTI ACTIVITIES. ✓

SUBTOTAL CCTI ACTIVITIES (61,000)

7. EXPORT PROMOTION: 50,000 INITIATE CONTRACT FOR TECHNICAL ASSISTANCE FOR MINISTRY OF ECONOMY OFFICE CONCERNED WITH DEVELOPING EXPORT PROMOTION PROGRAMS. ✓

TOTAL FY 71
PROJECT FUNDING: 111,000
RYAN

UNCLASSIFIED

4390074 (11)
 PD-AAD 409

AID 1330-1
 (S-84)

PRO AG

PROJECT AGREEMENT
 BETWEEN THE DEPARTMENT OF STATE, AGENCY FOR INTERNATIONAL DEVELOPMENT (AID),
 AN AGENCY OF THE GOVERNMENT OF THE UNITED STATES OF AMERICA, AND
 THE COMMISSION GENERAL OF THE PLAN
 AN AGENCY OF THE GOVERNMENT OF THE KINGDOM OF LAOS

The above-named parties hereby mutually agree to carry out a project in accordance with the terms set forth herein and the terms set forth in any annexes attached hereto, as checked below:

- PROJECT DESCRIPTION ANNEX A FOREIGN CURRENCY STANDARD PROVISIONS ANNEX
 STANDARD PROVISIONS ANNEX SPECIAL LOAN PROVISIONS ANNEX

This Project Agreement is further subject to the terms of the following agreement between the two governments, as modified and supplemented:

- GENERAL AGREEMENT FOR TECHNICAL COOPERATION DATE _____
 ECONOMIC COOPERATION AGREEMENT DATE Sept. 9, 1957
 (other) DATE _____

1. PROJECT/ACTIVITY NO. PAGE 1 OF 1 PAGES
439-11-290-074
 2. AGREEMENT NO. 3. ORIGINAL OR REVISION NO. _____
0074
 4. PROJECT/ACTIVITY TITLE

INDUSTRY DEVELOPMENT
 FY 1970

5. PROJECT DESCRIPTION AND EXPLANATION
 (See Annex A attached)
 6. AID APPROPRIATION SYMBOL 7. AID ALLOTMENT SYMBOL
72-1101004 054-50-439-00-69-01

8. AID FINANCING	PREVIOUS TOTAL (A)	INCREASE (B)	DECREASE (C)	TOTAL TO DATE (D)
<input checked="" type="checkbox"/> DOLLAR <input type="checkbox"/> LOCAL CURRENCY				
(a) Total		30,000		30,000
(b) Contract Services PASA		30,000		30,000
(c) Commodities				
(d) Other Costs				
9. COOPERATING AGENCY FINANCING - DOLLAR EQUIVALENT				
\$1.00 =				
(e) Total				
(f) Technical and other Services				
(g) Commodities				
(h) Other Costs				

USAID
 Clearances:
 OP/P
 OF
 IMD
 CON & CE

10. SPECIAL PROVISIONS (Use Additional Condition Sheets, if Necessary)

This agreement obligates dollar funds required to complete the financing for the services of a PASA Forestry Advisor as detailed in the attached action document (PIO/T) which is made a part of this agreement by reference.

11. DATE OF ORIGINAL AGREEMENT 12. DATE OF THIS REVISION 13. ESTIMATED FINAL CONTRIBUTION DATE
July 22, 1969 _____ May 31, 1972

14. FOR THE COOPERATING GOVERNMENT OR AGENCY 15. FOR THE AGENCY FOR INTERNATIONAL DEVELOPMENT

Khamdeng Samanikone *Pane Rassavong* *Charles A. Mann*
 Director of Lao Water Commissioner Director, USAID/Laos
 and Forest Service Gen. of the Plan

PRO AG

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 BETWEEN THE DEPARTMENT OF STATE, AGENCY FOR INTERNATIONAL DEVELOPMENT (AID),
 AN AGENCY OF THE GOVERNMENT OF THE UNITED STATES OF AMERICA, AND
 THE COMMISSION GENERAL OF THE PLAN

AN AGENCY OF THE GOVERNMENT OF THE KINGDOM OF LAOS

The above-named parties hereby mutually agree to carry out a project in accordance with the terms set forth herein and the terms set forth in any annexes attached hereto, as checked below:

1. PROJECT/AGENCY NO. 439-11-290-074	PAGE: 001 PAGES
2. AGREEMENT NO. 0074	3. <input checked="" type="checkbox"/> ORIGINAL OR REVISION NO. 1
4. PROJECT/AGENCY TITLE	

PROJECT DESCRIPTION ANNEX A FOREIGN CURRENCY STANDARD PROVISIONS ANNEX

STANDARD PROVISIONS ANNEX SPECIAL LOAN PROVISIONS ANNEX

INDUSTRY DEVELOPMENT

(Forestry)

This Project Agreement is further subject to the terms of the following agreement between the two governments, as modified and supplemented:

<input type="checkbox"/> GENERAL AGREEMENT FOR TECHNICAL COOPERATION	DATE
<input checked="" type="checkbox"/> ECONOMIC COOPERATION AGREEMENT	DATE Sept. 9, 1951
<input type="checkbox"/> (Other)	DATE

5. PROJECT DESCRIPTION AND EXPLANATION (See Annex A attached)	
6. AID APPROPRIATION SYMBOL 72-1101004	7. AID ALLOTMENT SYMBOL 054-50-439-00-69-01

8. AID FINANCING	PREVIOUS TOTAL (\$)	INCREASE (\$)	DECREASE (\$)	TOTAL TO DATE (\$)
<input checked="" type="checkbox"/> DOLLAR <input type="checkbox"/> LOCAL CURRENCY				
(a) Total	30,000	9,800		39,800
(b) Contract Services PASA	30,000	9,800		39,800
(c) Commodities				
(d) Other Costs				
9. COOPERATING AGENCY FINANCING - DOLLAR EQUIVALENT In Kip				
(a) Total	-			-
(b) Technical and other Services				
(c) Commodities				
(d) Other Costs				

10. SPECIAL PROVISIONS (See Standard Contractual Conditions in Appendix)

This revision provides dollar funding to obtain the services of a Logging Operations and Equipment Maintenance Advisor as detailed in the attached action document (PIO/T) which is made a part of this revision by reference.

11. DATE OF ORIGINAL AGREEMENT July 22, 1969	12. DATE OF THIS REVISION July 31, 1969	13. ESTIMATED FINAL COMPLETION DATE May 31, 1972
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14. FOR THE COOPERATING GOVERNMENT OR AGENCY <i>[Signature]</i> Phan Van Khe Director of Lao Water and Forest Service	15. FOR THE AGENCY FOR INTERNATIONAL DEVELOPMENT <i>[Signature]</i> Charles A. Mann Director, USAID/Laos
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Commission Gen of the Plan

USAID
Clearances:
C/P
C/D
C/O

PRO AG

PROJECT AGREEMENT
BETWEEN THE DEPARTMENT OF STATE, AGENCY FOR INTERNATIONAL DEVELOPMENT (AID),
AN AGENCY OF THE GOVERNMENT OF THE UNITED STATES OF AMERICA, AND
THE COMMISSION GENERAL OF THE PLAN
AN AGENCY OF THE GOVERNMENT OF THE KINGDOM OF LAOS

The above-named parties hereby mutually agree to carry out a project in accordance with the terms set forth herein and the terms set forth in any annexes attached hereto, as checked below:

- PROJECT DESCRIPTION ANNEXES A & C FOREIGN CURRENCY STANDARD PROVISIONS ANNEX
 STANDARD PROVISIONS ANNEX SPECIAL LOAN PROVISIONS ANNEX

This Project Agreement is further subject to the terms of the following agreement between the two governments, as modified and supplemented:

- GENERAL AGREEMENT FOR TECHNICAL COOPERATION DATE _____
 ECONOMIC COOPERATION AGREEMENT DATE **Sept. 9, 1951**
 Other: _____ DATE _____

1. PROJECT/ACTIVITY NO. **439-11-290-074** PAGE 1 OF 2 PAGES
2. AGREEMENT NO. **0074** 3. ORIGINAL OR REVISION NO. **2**
4. PROJECT/ACTIVITY TITLE

INDUSTRY DEVELOPMENT

5. PROJECT DESCRIPTION AND EXPLANATION
(See Annex A attached)

6. AID APPROPRIATION SYMBOL **72-1101004** 7. AID ALLOTMENT SYMBOL **054-50-139-00-69-01**

8. AID FINANCING	PREVIOUS TOTAL (A)	INCREASE (B)	DECREASE (C)	TOTAL TO DATE (D)
<input checked="" type="checkbox"/> DOLLAR <input type="checkbox"/> LOCAL CURRENCY				
(a) Total	39,800	28,500		68,300
(b) Contract Services PASA	9,800 30,000	12,000 -		21,800 30,000
(c) Commodities		2,500		2,500
(d) Participants (PIC/P)				
(e) Other Costs		14,000		14,000
9. COOPERATING AGENCY FINANCING - DOLLAR EQUIVALENT				
(a) Total				
(b) Technical and other Services				
(c) Commodities				
(d) Other Costs				

10. SPECIAL PROVISIONS (Use Additional Continuation Sheets, if Necessary)

See continuation sheets.

USAID
Clearances:
OP/P *R*
OP *W*
IMP *W*
CON *W*

11. DATE OF ORIGINAL AGREEMENT **July 22, 1969** 12. DATE OF THIS REVIEW **October 20, 1969** 13. ESTIMATED FINAL CONTRIBUTION DATE **May 31, 1972**

14. FOR THE COOPERATING GOVERNMENT OR AGENCY
Sisouk NA CHAMPASSAK/Pane RASSAVONG
SIGNATURE: _____ DATE: _____
Minister of Finance
Gen. of the Plan

15. FOR THE AGENCY FOR INTERNATIONAL DEVELOPMENT
Charles A. Mann
SIGNATURE: _____ DATE: _____
Director, USAID/LAOS

PROAG
CONTINUATION
SHEET

ANNEX

TITRE ENTRE LE ET LE		1. Document No. 59-11-290-074	2. Date
THE COMMISSION GENERAL OF THE PLAN		2. Agreement No. 0074	3. <input type="checkbox"/> Original or Revision No. 2
AN AGENCY OF THE GOVERNMENT OF THE KINGDOM OF LAOS		3. Project/Activity Title INDUSTRY DEVELOPMENT	

This Agreement is entered into between the Agency for International Development, hereinafter referred to as "USAID," and the Ministries of Finance and National Economy and the Commission General of the Plan, agencies of the Royal Lao Government, hereinafter referred to as the RIG, to jointly continue this Industry Development project. The parties to this Agreement will use their best efforts to accomplish the agreed upon objectives of this project which are defined below.

PROJECT DESCRIPTION AND OBJECTIVES

1. The main objective of this project is to encourage and assist the development of private industrial establishments in Laos by technical advisory, financial and commodity assistance.

Priority will be given to agro-industry where feasibility projections appear favorable.

Because priority is also attached to the development of forest products industries, an ancillary objective of the project is to provide support and assistance to the Lao Forest Survey and Forest Inventory, being undertaken by the Directorate of Water and Forests in the Ministry of National Economy, in order to assess the nature, quantity and location of forest resources.

2. A second objective is to assist the development of mechanized farming activities by technical advisory, financial and commodity support.

3. A third objective is to assist the Development Bank of Laos to grow in capability as an intermediary for the flow of loan capital to private industry and agriculture.

COURSE OF ACTION

1. Technical Advisory Services for development of private industries are being or will be provided by USAID in the form of full time advisors and also through short term services by specialists in specific industrial fields.

USAID technical services will be made available as needed to assist the RIG to rationalize its investment authorization procedures. They also may be called upon to assist in identifying industrial sectors within the Lao economy which should receive priority in the allocation of financial and technical resources.

For the Cooperating Government or Agency	For the Agency for International Development
The signatures appearing on the face sheet of this Proag are also equally applicable to the continuation sheets.	
SIGNATURE: _____ DATE: _____	SIGNATURE: _____ DATE: _____
TITLE: _____	TITLE: _____

AID 1220-12 PROAG CONTINUATION SHEET ANNEX	AGREEMENT BETWEEN AID AND THE COMMISSION GENERAL OF THE PLAN	1. Project/Activity No. 49-11-251-0074	Page 2 of 11 pages
		2. Agreement No. 0074	3. <input type="checkbox"/> Original or Revision No. 2
	AN AGENCY OF THE GOVERNMENT OF THE KINGDOM OF LAOS	3. Project/Activity Title INDUSTRY DEVELOPMENT	

2. Industry Loan Fund

USAID has provided and will continue to provide local currency funds for the Special Fund for the Development of Industry and Mechanized Farming which is operated by the Development Bank of Laos.

Industry and other activities that are under consideration to receive medium-term local currency loan support from prior year or FY 1970 Funds are:

- (a) Furniture/Cabinet Factory,
Feasibility Studies were prepared under prior year Proags.
- (b) Veneer/Plywood Manufacture,
Feasibility Study was made under prior year Proags.
- (c) Numerous Mechanized Farming Activities,
These activities described in detail in FY 1969 ProAg Revision No. 11.
- (d) Tire Recapping Plant,
A tire recapping plant, which uses machinery owned by AID (obtained as surplus after originally being ordered for Cambodia) and leased to a Lao businessman, is now in partial operation. The equipment loses requires the plant to service USAID's tire recapping requirements on a priority basis. The present equipment is not able to recap all tire sizes in substantial demand and quotations for additional moulds have been requested.
- (e) Well Drilling and Pump Installation/Maintenance,
Action in this activity will be held in abeyance until private sector applicants express interest.
- (f) Lumber Seasoning/Treating/Remanufacturing,
- (g) Textile Manufacture,
Textile Manufacturing of textiles in Laos is not expected to be very profitable unless a companion industry, the manufacturing of thread, is also started. Thirty looms imported several years ago are still standing unused. French investors have indicated an interest in establishing a plant to engage in thread manufacturing once a

For the Cooperating Government or Agency The signatures appearing on the applicable to the continuation SIGNATURE: _____ DATE: _____ TITLE: _____	For the Agency for International Development face sheet of this ProAg are also equally sheets. SIGNATURE: _____ DATE: _____ TITLE: _____
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AID 1300-1A PROAG CONTINUATION SHEET ANNEX	PROJECT AGREEMENT BETWEEN AID AND THE COMMISSION GENERAL OF THE PLAN	1. Project/Activity No. 439-11-290-074	Page 4 of 9 pages
	AN AGENCY OF THE GOVERNMENT OF THE KINGDOM OF LAOS	2. Agreement No. 0074	3. <input type="checkbox"/> Original or Revision No. 2
		3. Project/Activity Title INDUSTRY DEVELOPMENT	

market for the thread is established. A knitting mill is presently being built in Vientiane (without AID funds). Knitting yarns and threads for this mill must be imported but a future market for threads produced in Laos exists.

- (h) Metal Working,
 USAID technicians will continue to seek local investors with metal fabricating experience and a desire to expand their operations. The management of a garage which is well equipped with modern machinery for reconditioning auto engines is discussing USIP acquisition of heavy machinery for job-shop use.
- (i) Papain Manufacture,
 This is in the agricultural or raw material stage, that of assuring suitable papaya stock.
- (j) Sandal/Shoe Manufacture,
 Two local manufacturing plants producing rubber sandals and tennis shoes are in operation. Both plants are interested in producing jungle boots of the type presently obtained from Korea and furnished by USAID to the Lao Army. The management of the two plants are now assembling data on expected production costs and requirements for processing machinery. Financing for a technical or feasibility study on production of rubber/canvas jungle boots is projected for implementation during FY 1970. When the economic facts are known and if they are favorable USAID will consider loan arrangements and USIP procurement of fabricating machinery.
- (k) Battery Manufacture,
 Discussions are taking place with a local businessman who has an interest in establishing a plant to manufacture lead storage batteries for auto and truck use. Depending on a survey now in process to estimate the market demand for this product (USAID, Lao Government and private sector), it may be economically feasible to construct a plant with an initial daily capacity of 50 batteries. The plant would be semi-automatic in its use of machinery and would be designed so that its capacity of production could be easily expanded to meet increased market demands.

For the Cooperating Government or Agency

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SIGNATURE: _____ DATE: _____

TITLE: _____

For the Agency for International Development

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SIGNATURE: _____ DATE: _____

TITLE: _____

PROJECT AGREEMENT
BETWEEN AID AND
THE COMMISSION GENERAL OF THE PLAN
AN AGENCY OF THE GOVERNMENT OF
THE KINGDOM OF LAOS

1. Project/Activity No. A37-11-270-0/14	Page 5 of 9 pages
2. Agreement No. 0074	3. <input type="checkbox"/> Original or Revision No. 2
3. Project/Activity Title INDUSTRY DEVELOPMENT	

(1) Industrial Estate Establishment.

Possibilities for the establishment of Industrial Parks are being considered by two local businessmen who each own land on the outskirts of Vientiane that may prove to be suitable for the purpose. In its simplest form an industrial park provides subdivided lots, all of which are served by common roads and utilities and ready for construction of buildings as each plant may require. The lots are sold or leased to individual companies or the park management may construct buildings to suit the tenants and make them available on a lease or rental basis. Provided detailed studies indicate financial soundness of an investment in an industrial park, USAID may assist the owners with a CBI loan for the ultimate purpose of making adequate plant facilities which require a minimum of capital investment available to emerging manufacturing plants.

(m) Paint Manufacturing.

USAID technicians and a Lao businessman are making preliminary investigations to establish the Lao market for paints and the costs of manufacturing paints locally. If as expected, good possibilities for profitable manufacturing of paints exist, a more detailed study will be undertaken that hopefully will result in the establishment of a factory.

(n) Agro-oriented Industries

Increased emphasis will continue to be placed on the development of industries which use agricultural products as their raw materials.

Present consideration is being addressed to requirements for pre-investment surveys or feasibility studies for production of (1) crude sugar (brown) (2) rice flour milling (3) animal feed (supplements) (4) vegetable oil processing (5) slaughterhouse (6) meat processing (7) papain production. It is anticipated that a number of these studies will be contracted during FY 1970.

USAID advisors will assist or participate in development of or in appraisal of feasibility studies of proposed loan activities.

Local currency for the implementation of the above projects will be obligated by subsequent revisions to this Project Agreement. It is estimated

For the Cooperating Government or Agency

The signatures appearing on the applicable to the continuation

SIGNATURE

DATE

TITLE

For the Agency for International Development

The signatures appearing on the face sheet of this Pro/g are also equally

SIGNATURE

DATE

TITLE

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CONTINUATION
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ANNEX _____

PROJECT AGREEMENT BETWEEN AID AND THE COMMISSION GENERAL OF THE PLAN AN AGENCY OF THE GOVERNMENT OF THE KINGDOM OF LAOS	1. Project/Activity No. 439-11-290-074	PAGE 6 OF 9 PAGES
	2. Agreement No. 0074	3. <input type="checkbox"/> Original or Revision No. 2
	3. Project/Activity Title INDUSTRY DEVELOPMENT	

that 70 to 95 percent of the local currency funds that will be provided the above projects will be utilized for imports of U.S. manufactured machinery and equipment through the United States Commercial Import Program (USIP). This is in addition to local currency funds provided in previous fiscal years Project Agreements, which total Kip 3 1/2,000,000.

Annex II Revision No. 2 appended to Revision No. 10 of the FY 1969 Project Agreement presented in a single document the Regulations of the Special Fund for the Development of Private Industries and mechanized Farming that is operated by the Development Bank of Laos. Special guidelines were developed to assure optimum appraisal of mechanized farming loan applications. These were agreed upon in Revision No. 11 to the FY 1969 ProAg and will remain in effect during FY 1970.

3. Development Bank of Laos

USAID will assist the Development Bank of Laos (DBL) to develop the capability to serve as intermediary for development funds to private sector enterprises, assuring professional appraisal of loan applications, and effective supervision and control of loan projects.

Training:

USAID anticipated the provision of training for eight personnel of DBL. With FY 1968 funds two participants were sent to Thailand, one to study loan processing at the Industrial Finance Corporation of Thailand, and one to study accounting and commercial banking operations at appropriate institutions in Thailand. With FY 1969 funds training in Thailand was provided for a specialist in agricultural loans and another in industrial loan appraisal considerations. In FY 1970, subject to the availability of funds, training also will be provided in Thailand in (a) commercial banking operations with emphasis on attraction of savings deposits and familiarity with mechanized banking equipment, and (b) industrial loan appraisals, technical committee and loan committee procedures.

4. Forest Survey and Timber Inventory: Development of Laos Forest Service

The Forest Survey Team, assisted by Canadian and IVS advisors, has recorded timber inventory data for areas around Pakse, Savannakhet, Vientiane and Nam Ngum reservoir obtained from aerial photographic flights.

The application of electronic data processing (EDP) techniques were utilized in evaluating the timber inventory data and presenting it in a manner useful for the exploitation and development of Laos forest resources.

For the Cooperating Government or Agency The signatures appearing on the face sheet of this ProAg are also equally applicable to the continuation sheets. SIGNATURE: _____ DATE: _____ TITLE: _____	For the Agency for International Development SIGNATURE: _____ DATE: _____ TITLE: _____
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PROJECT AGREEMENT BETWEEN AID AND THE COMMISSION GENERAL OF THE PLAN AN AGENCY OF THE GOVERNMENT OF THE KINGDOM OF LAOS	1. Project/Activity No. 439-11-290-074	PAGE 7 OF 9 PAGES
	2. Agreement No. 0074	3. <input type="checkbox"/> Original or Revision No. 2
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Training

Training for six Lao Forest Service (LFS) personnel at the Thai Forest Ranger School commenced in the prior year will continue during FY 1970; it is expected that they will be joined by six new LFS trainees in the same course for a total of 12 during fiscal year 1970. Also, subject to the availability of funds, two Lao Forest Service personnel will commence a four year study course in the Thai Forestry School. Thus, during FY 1970 education and training will be provided in Thailand for 14 LFS personnel.

In addition, in-service training for RIC Directorate of Water and Forests personnel will be supported in FY 1970 as follows:

a) Group training under available USAID programs: Driver Training; Vehicle Maintenance & Repair; Fleet Equipment management; English Language; Secretarial Skills; Communications Management; Personnel Administration; Law Enforcement.

b) Specialized on the job training provided in cooperation with Australian & Canadian forestry teams: Seed Collection; Nursery Procedures; Plantation Establishment; Photogrammetry; Cartography; Drafting; Timber Cruising/Estimating; Field Ecology.

USAID CONTRIBUTION

The total dollar contributions planned under this project for Fiscal Year 1970, as described in this Agreement, will be obligated in subsequent revisions to this Project Agreement, subject to the availability of funds during FY 1970.

U.S. TECHNICIANS

USAID will provide funding for qualified technical personnel with experience to serve as required in coordination with personnel of the Ministry of National Economy, the Commission General of the Plan, the Development Bank of Laos, and with private entrepreneurs and industrialists in carrying out the objectives of this project. For these purposes, \$30,000 was previously obligated for the services of a Forestry Advisor, \$9,800 for a Logging Operations and Equipment Maintenance Advisor and \$12,000 is hereby obligated for extension of the contract of a Forest Industrial Advisor.

COMMODITIES

It has been determined that to fully implement this project certain commodities such as drafting equipment, supplies and books will be needed for use

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PROAG
CONTINUATION
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ANNEX

PROJECT AGREEMENT BETWEEN AID AND THE COMMISSION GENERAL OF THE PLAN AN AGENCY OF THE GOVERNMENT OF THE KINGDOM OF LAOS	1. Project/Activity No. 439-11-290-074	PAGE 8 OF 9 PAGES
	2. Agreement No. 0074	3. <input type="checkbox"/> Original or Revision No. 2
	3. Project/Activity Title INDUSTRY DEVELOPMENT	

by RIG and USAID personnel in advancing the work of the Lao Forest Survey, and other project activities.

The Agreement provides \$2,500 for the following purposes:

Miscellaneous General Supplies	\$1,000
Vehicle Repair Parts	1,500

This Project Agreement will be revised to obligate additional funds when specifications for required commodities are jointly developed and quantities determined by the Ministry and USAID.

PARTICIPANT TRAINING

It is understood that training of local personnel is a continuing function in the implementation of this project and will be carried out within the Ministry(s) and/or at the project site(s). However, certain RIG technicians and private sector personnel have now reached the stage where advance or more intensive training is required. To meet this requirement in FY 1970 training programs will be sponsored in the fields of Forestry and Development Banking as described in paragraphs 4 and 5 above. Also, training in techniques of timber extraction and particularly in the use and maintenance of manually operated power chain saws will be undertaken in FY 1970.

OTHER COSTS

\$3,000 is hereby obligated for the English language instruction and \$2,000 for MRO and miscellaneous small purchases. Also, \$9,000 is hereby provided for data processing services by EDP facilities in Bangkok to prepare the manifold computations essential to valid extrapolation of data for adequate development and presentation of the Lao Forest Survey findings.

The following services will be funded by subsequent revisions to this Project Agreement, if adequate funds are available in FY 1970:

- Continuation of the Lao Forest Survey in the dry season commencing November 1969 which requires limited additional aerial photographic services;
- Other Contractual Services, such as fixed wing aircraft and helicopter services;
- Transportation of commodities from Thailand to Laos, maintenance, repairs and operations, miscellaneous small purchases and operational travel.

For the Cooperating Government or Agency	For the Agency for International Development
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SIGNATURE: _____	SIGNATURE: _____
DATE: _____	DATE: _____
TITLE: _____	TITLE: _____

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ANNEX

<p>PROJECT AGREEMENT BETWEEN AID AND THE COMMISSION GENERAL OF THE PLAN AN AGENCY OF THE GOVERNMENT OF THE KINGDOM OF LAOS</p>	1. Project/Activity No. 439-11-290-074	PAGE 2 OF 2 PAGES
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CONTRIBUTION IN LOCAL CURRENCY

During Fiscal Year 1970, in addition to USAID contribution to Industry Loan Fund (ILF) described under "COURSE OF ACTION" above, USAID also will contribute local currency for certain personnel costs, commodities and other costs such as in-country travel, translation of technical documents, repair and maintenance of equipment and cartographic and printing services.

OTHER INDIRECT CONTRIBUTION

In addition to the above direct contributions USAID also will provide the part-time services of the Chief of the Industry and Manpower Division, who is the USAID official responsible for the planning, implementation and evaluations of this project, and who will coordinate these actions at the Ministry level.

RIG CONTRIBUTION

As stated on the third page of the initial Project Agreement dated March 10, 1967, the RIG will provide, subject to the availability of funds, kip to cover costs of personnel, as appropriate, to be paid from the RIG budget.

It is estimated that in support of the Forest Inventory and Reforestation projects the RIG contributions in Fiscal Year 1970 shall be approximately Kip 24,816,000 for personnel, commodities, materials and services.

GENERAL PROVISIONS

A. It is understood by the parties to this agreement that the provisions contained in the attached annexes shall apply to this Project Agreement.

B. Local Currency provided under the USAID Trust Fund will be transferred as needed from the Counterpart Special Account to the USAID Trust Fund for disbursement by USAID/Laos. Procurement of goods and services will be done either through USAID Class "B" Cashier procedures or by the USAID Supply Management Branch, as appropriate.

C. The following additional provision shall be applicable to all commodities procured with dollar funds under this Agreement: While under the provisions of paragraph G Standard Provisions Annex title to all property procured with AID financing shall be in the Cooperating Country, it is agreed by the parties hereto that possession and operating control of such property shall remain with the Director of USAID until such time as the actual possession of such property is relinquished to the Cooperating Country.

For the Cooperating Government or Agency	For the Agency for International Development
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SIGNATURE: _____ DATE: _____	SIGNATURE: _____ DATE: _____
TITLE: _____	TITLE: _____

PRO AG

4390074 (12)
PD-AAD 409

PROJECT AGREEMENT
BETWEEN THE DEPARTMENT OF STATE, AGENCY FOR INTERNATIONAL DEVELOPMENT (AID),
AN AGENCY OF THE GOVERNMENT OF THE UNITED STATES OF AMERICA, AND
THE COMMISSION GENERAL OF THE PLAN

AN AGENCY OF THE GOVERNMENT OF THE KINGDOM OF LAOS

The above-named parties hereby mutually agree to carry out a project in accordance with the terms set forth herein and the terms set forth in any annexes attached hereto, as checked below:

- PROJECT DESCRIPTION ANNEX X C FOREIGN CURRENCY STANDARD PROVISIONS ANNEX
- STANDARD PROVISIONS ANNEX SPECIAL LOAN PROVISIONS ANNEX

This Project Agreement is further subject to the terms of the following agreement between the two governments, as modified and supplemented:

- GENERAL AGREEMENT FOR TECHNICAL COOPERATION DATE
- ECONOMIC COOPERATION AGREEMENT DATE **Sept. 9, 1951**
- (other) DATE

1. PROJECT/ACTIVITY NO. **439-11-290-074** PAGE 1 OF 0 PAGES

2. AGREEMENT NO. **1074** 3. ORIGINAL OR REVISION NO. _____

4. PROJECT/ACTIVITY TITLE

INDUSTRY DEVELOPMENT

5. PROJECT DESCRIPTION AND EXPLANATION
(See Annex A attached)

6. AID APPROPRIATION SYMBOL **72-1111004** 7. AID ALLOTMENT SYMBOL **154-50-439-00-69-11**

6. AID FINANCING		PREVIOUS TOTAL (A)	INCREASE (B)	DECREASE (C)	TOTAL TO DATE (D)
<input checked="" type="checkbox"/> DOLLARS	<input type="checkbox"/> LOCAL CURRENCY				
(a) Total			32,000		32,000
(b) Contract Services			30,000		30,000
(c) Commodities					
(d) Other Costs			2,000		2,000
9. COOPERATING AGENCY FINANCING - DOLLAR EQUIVALENT					
\$1,000=					
(a) Total					
(b) Technical and other Services					
(c) Commodities					
(d) Other Costs					

10. SPECIAL PROVISIONS (Use Additional Continuation Sheet, if Necessary)

See Continuation Sheets.

11. DATE OF ORIGINAL AGREEMENT **July 21, 1970** 12. DATE OF THIS REVISION _____ 13. ESTIMATED FINAL CONTRIBUTION DATE **May 31, 1973**

14. FOR THE COOPERATING GOVERNMENT OR AGENCY **Sisouk NA CHAMPASSAK** 15. FOR THE AGENCY FOR INTERNATIONAL DEVELOPMENT **James B. Chandler**

SIGNATURE: **Sisouk NA CHAMPASSAK** TITLE: **Minister of Finance** SIGNATURE: **James B. Chandler** TITLE: **Acting Director, USAID/Laos**

DATE: _____ DATE: **7/21/70**

Gen. of the Plan

USAID Clearances:

PRO. **[Signature]**
AD/PET **[Signature]**
IND **[Signature]**
AD/FIN **[Signature]**
MGT **[Signature]**

9p

PROJECT AGREEMENT BETWEEN AID AND THE COMMISSION GENERAL OF THE PLAN AN AGENCY OF THE GOVERNMENT OF THE KINGDOM OF LAOS	1. Project/Activity No. 439-11-290-074	PAGE 2 OF 6 PAGES
	2. Agreement No. 1074	3. <input checked="" type="checkbox"/> Original or Revision No. _____
	3. Project/Activity Title INDUSTRY DEVELOPMENT	

This Agreement is entered into between the Agency for International Development, hereinafter referred to as USAID, the Ministries of Finance and National Economy, and the Commission General of the Plan, agencies of the Royal Lao Government, hereinafter referred to as the RiG, to jointly continue this Industry Development project. The parties to this Agreement will use their best efforts to accomplish the agreed upon objectives of this project which are defined below.

PROJECT DESCRIPTION AND OBJECTIVES

1. The objectives of this project are to develop: (a) private industrial establishments, (b) mechanized farming, and (c) improve the capability of the Development Bank of Laos as an intermediary for the flow of loan capital to private industry and agriculture.
2. Priority will be given to technical assistance for forest products industries, for an industrial estate, for investment promotion and for the development of agro-industries where feasibility projections appear favorable.

COURSE OF ACTION

1. Technical Advisory Services for development of private industries will be made available as needed to assist the RiG to improve its investment authorization procedures. These services also may be made available to assist in identifying industrial sectors within the Lao economy which should receive priority in the allocation of financial and technical resources.

2. Industry Loan Fund

USAID has provided and will continue to provide local currency funds for the Special Fund-Industry Loan Fund, which supports the development of industry and mechanized farming and is operated by the Development Bank of Laos.

Industry and other activities that are under consideration to receive local currency loan support in FY 1971 are:

- Occupants of Industrial Estate
- Mechanized Farming Loans
- Pharmaceutical Plant
- Agro Industry Applications

For the Cooperating Government or Agency The signatures appearing on the face sheet of this ProAg are also equally applicable to the continuation sheets. SIGNATURE: _____ DATE: _____ TITLE: _____	For the Agency for International Development SIGNATURE: _____ DATE: _____ TITLE: _____
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**PROJECT AGREEMENT
BETWEEN AID AND**

THE COMMISSION GENERAL OF THE PLAN

AN AGENCY OF THE GOVERNMENT OF
THE KINGDOM OF LAOS

1. Project/Activity No.

439-11-290-074

PAGE 3 OF 6 PAGES

2. Agreement No.

1074

3. Original or
Revision No. _____

3. Project/Activity Title

INDUSTRY DEVELOPMENT

Other alternatives for industrial loans are:

Paint Manufacturing
Dry Kiln Construction
Lumber Industry Equipment
Sawmill Modernization

Revision No. 10 of the FY 1969 Project Agreement (Annex II Revision No. 2) presented in a single document the Regulations of the Special Fund for the Development of Private Industries and Mechanized Farming that is operated by the Development Bank of Laos. Special guidelines were developed to assure optimum appraisal of mechanized farming loan applications. These were agreed upon in Revision No. 11 to the Fiscal Year 1969 ProAg, and will remain in effect during FY 1971.

3. Development Bank of Laos

USAID will assist the Development Bank of Laos (DBL) to develop the capability to serve as intermediary for development funds to private sector enterprises, assuring professional appraisal of loan applications, and effective supervision and control of loan projects.

Training

In FY 1968 USAID instituted a program to upgrade the training and skills of DBL personnel. Since then five DBL technicians have been trained in Thailand in various aspects of commercial and development banking operation. In FY 1971 it is planned to continue this training program by providing medium-term third country training to three DBL employees in the fields of Accounting and Use of Accounting Machines, Agricultural Loan Procedures, and Accounting and General Banking Operations (See Participant section below).

4. Forest Survey and Timber Inventory: Development of Laos Forest Services

The Forest Survey Team, assisted by Canadian and IVS advisors, has recorded timber inventory data for areas around Pakse, Savannakhet, Vientiane and Nam Ngum reservoir obtained from aerial photographic flights.

Electronic data processing (EDP) techniques are being utilized in compiling the timber inventory data and presenting it in a manner useful for evaluation of the long-term exploitation and development of Laos forest resources.

For the Cooperating Government or Agency

The signatures appearing on the face sheet of this ProAg are also equally applicable to the continuation sheets.

SIGNATURE: _____ DATE: _____

TITLE: _____

For the Agency for International Development

SIGNATURE: _____ DATE: _____

TITLE: _____

**PROJECT AGREEMENT
BETWEEN AID AND**

THE COMMISSION GENERAL OF THE PLAN

**AN AGENCY OF THE GOVERNMENT OF
THE KINGDOM OF LAOS**

1. Project/Activity No.
439-11-290-074

2. Agreement No.
1074

3. Project/Activity Title

INDUSTRY DEVELOPMENT

PAGE 4 OF 6 PAGES

3. Original or
Revision No. _____

Training

Training for six Lao Forest Service (LFS) personnel at the Thai Forest Ranger School commenced in a prior year will continue during FY 1971, and they will be joined by six more participants in the same course. In FY 1971 it is anticipated that two Lao Forest Service personnel will commence a four year course leading to a B.S. degree in Forestry in the Thai Forest School. Thus, during FY 1971 education and training will be provided in Thailand for 14 LFS personnel (also, see Participant section below).

In addition, in-service training for RIG Directorate of Water and Forest personnel will be supported in FY 1971 as follows:

- a) Group training under available USAID programs: Driver Training; Vehicle Maintenance & Repair; Fleet Equipment Management; English Language; Secretarial Skills; Communications Management; Personnel Administration.
- b) Specialized on-the-job-training provided in cooperation with Australian & Canadian forestry teams: Seed Collection; Nursery Procedures; Plantation Establishment; Photogrammetry; Cartography; Drafting; Timber Cruising; Estimating; Field Ecology.
- c) Also training in techniques of timber extraction and particularly in the use and maintenance of manually operated power chain saws will be continued in FY 1971.

USAID CONTRIBUTION

The total dollar contributions planned under this project for Fiscal Year 1971, as described in this Agreement, will be obligated in subsequent revisions to this Project Agreement, subject to the availability of funds during FY 1971.

U.S. TECHNICIANS

USAID will provide funding for qualified technical personnel to serve as required in coordination with personnel of the Ministry of National Economy, the Commission General of the Plan, the Development Bank of Laos, and with private entrepreneurs and industrialists in carrying out the objectives of this project. Funding of \$30,000 is herein obligated for the services of a Forestry Advisor.

For the Cooperating Government or Agency

The signatures appearing on the face sheet of this ProAg are also equally applicable to the continuation sheets.

SIGNATURE: _____ DATE: _____

TITLE: _____

For the Agency for International Development

SIGNATURE: _____ DATE: _____

TITLE: _____

**PROJECT AGREEMENT
BETWEEN AID AND**

THE COMMISSION GENERAL OF THE PLAN

AN AGENCY OF THE GOVERNMENT OF
THE KINGDOM OF LAOS

1. Project/Activity No.
439-11-290-074

2. Agreement No.
1074

3. Project/Activity Title

INDUSTRY DEVELOPMENT

PAGE 5 OF 6 PAGES

3. Original or
Revision No. _____

The Chief of the Industry Division, who is the USAID official responsible for the planning, will coordinate these actions at the Ministry level. / implementation and evaluation of this project,

PARTICIPANT TRAINING

It is understood that training of local personnel is a continuing function in the implementation of this project and will be carried out within the Ministry(s) and at project sites as described in the sections above. However, certain RIG technicians and private sector personnel have now reached the stage where advanced or more intensive training is required. To meet this requirement, in FY 1971 training programs will be sponsored in the fields of Forestry and Development Banking as described in paragraphs 3 and 4 above.

COMMODITIES

It has been determined that to fully implement this project certain commodities such as drafting equipment and supplies, chainsaws and parts and office equipment will be needed for use by RIG and USAID personnel in advancing the work of the Lao Forest Survey, and for other project activities. This Project Agreement will be revised to obligate funds for this purpose when specifications for required commodities are jointly developed and quantities determined by the Ministry and USAID.

In addition, Common use commodities, including POL, and Vehicle and Equipment Repair Parts, not to exceed a cost of \$3,000, including freight, will be provided under this Project Agreement. These items will be originally funded under the Project Commodities Project (Common Use) and the cost of these commodities will be transferred to this project by Journal Voucher when the commodities are delivered for use to the project.

OTHER COSTS

\$2,000 is hereby obligated for MRO and Miscellaneous Small Purchases. In addition, funds will be provided for other contractual services, such as fixed wing aircraft and helicopter services, for transportation of commodities from Thailand to Laos, and for operational travel.

CONTRIBUTION IN LOCAL CURRENCY

During Fiscal Year 1971, USAID will contribute local currency for certain personnel costs, commodities and other costs such as in-country travel, translation of technical documents, repair and maintenance of equipment and cartographic and printing services. Obligation of local currency for these purposes

For the Cooperating Government or Agency

The signatures appearing on the face sheet of this ProAg are also equally applicable to the continuation sheets.

SIGNATURE: _____ DATE: _____
TITLE: _____

For the Agency for International Development

SIGNATURE: _____ DATE: _____
TITLE: _____

AID 1280-1A (8-63) PROAG CONTINUATION SHEET ANNEX _____	PROJECT AGREEMENT BETWEEN AID AND	1. Project/Activity No. 439-11-290-074	PAGE <u>6</u> OF <u>6</u> PAGES
	THE COMMISSION GENERAL OF THE PLAN	2. Agreement No. 1074	3. <input checked="" type="checkbox"/> Original or Revision No. _____
	AN AGENCY OF THE GOVERNMENT OF THE KINGDOM OF LAOS	3. Project/Activity Title INDUSTRY DEVELOPMENT	

will be recorded through the issuance of activity plans or in accordance with existing USAID Controller procedures.

RIG CONTRIBUTION

The RIG will provide the necessary funds to cover costs of personnel.

It is estimated that in support of the Forest Inventory and Reforestation projects the RIG contributions in Fiscal Year 1971 shall be approximately Kip 11,000,000 for personnel, commodities, materials and services.

GENERAL PROVISIONS

A. It is understood by the parties to this Agreement that the provisions contained in the attached annexes shall apply to this Project Agreement.

B. Local Currency provided under the USAID Trust Fund will be transferred as needed from the Counterpart Special Account to the USAID Trust Fund for disbursement by USAID/Laos. Procurement of goods and services will be done either through USAID Class "B" Cashier procedures or by the USAID Supply Management Branch, as appropriate.

C. The following additional provision shall be applicable to all commodities procured with dollar funds under this Agreement: While under the provisions of paragraph G Standard Provisions Annex title to all property procured with AID financing shall be in the Cooperating Country, it is agreed by the parties hereto that possession and operating control of such property shall remain with the Director of USAID until such time as the actual possession of such property is relinquished to the **Royal Lao Government**.

For the Cooperating Government or Agency

For the Agency for International Development

The signatures appearing on the face sheet of this ProAg are also equally applicable to the continuation sheets.

SIGNATURE: _____ DATE: _____

SIGNATURE: _____ DATE: _____

TITLE: _____

TITLE: _____

**PROAG
STANDARD
PROVISIONS
ANNEX**

**PROJECT AGREEMENT
BETWEEN AID AND**

AN AGENCY OF THE GOVERNMENT OF

1. Project/Activity No. _____

2. Agreement No. _____

3. Original or Revision No. _____

A. As used herein, the term "AID" refers to the Agency for International Development, any component agency, or any successor agency. References to "this Project Agreement" shall mean the original Project Agreement as modified by any revisions which have entered into effect.

B. (1) AID will make available the amounts specified in Block 8 of this Project Agreement, as necessary for the project, for use for the designated purposes and as may be further described in Annex A, as required by Block 5 hereof. In addition, as may be further specified in Annex A, AID will, subject to the availability of funds and (where required by AID procedures) as provided for in Project Implementation Orders (PIOs) issued by AID in accordance with its procedures, make available funds (a) to pay costs of furnishing technical services to be performed by United States Government employees in connection with the project, (b) to pay a share of the costs of providing training outside the cooperating country in connection with the project for qualified persons from the cooperating country, and (c) to pay such additional costs as may be specified.

(2) The Cooperating Government Agency will make available the amounts specified in Block 9 of this Project Agreement, as necessary for the project, for use for the designated purposes and as may further be described in Annex A. The Cooperating Government Agency will also make, or arrange to have made, additional contributions of property, services, facilities and funds required for carrying out the project as may be specified in Annex A, or as may subsequently be agreed upon by the two parties.

C. AID and the Cooperating Agency may obtain the assistance of other public and private agencies in carrying out their respective obligations under this Project Agreement. The two parties may agree to accept contributions of property, services, facilities and funds for purposes of this Project Agreement from other public and private agencies, and may agree upon the participation of any such third party in carrying out activities under this Project Agreement.

D. AID shall not be required to make any contribution after the expiration of six months following the estimated final contribution date (Block 13 of the Project Agreement form AID 1330-1) or any amended final contribution date specified herein. Except as otherwise specified herein or subsequently agreed

by the parties, all contributions of the Cooperating Agency pursuant to this Project Agreement shall be made on or before said estimated termination date, or amended date. A contribution of goods or services shall be considered to have been made when the goods or services, provided or financed by the contributing party, are delivered in accordance with commercial practice.

E. The procurement of commodities and contract services to be financed in whole or in part by AID may (where so required by AID procedures) be undertaken only pursuant to PIOs issued by AID in accordance with its procedures.

F. Unless otherwise specified in the applicable PIO, the procurement of commodities financed with the AID contribution referred to in Block 8 of this Project Agreement shall be subject to the provisions of AID Regulation 1.

G. Unless otherwise specified in the applicable PIO, title to all property procured through financing by AID pursuant to Block 8(c) of this Project Agreement shall be in the Cooperating Agency, or such public or private agency as it may authorize. This provision is inapplicable to any property which may be used in connection with the project but is not financed pursuant to said Block 8(c).

H. Any property furnished to either party through financing by the other party pursuant to this Project Agreement shall, unless otherwise agreed by the party which financed the procurement, be devoted to the project until completion of the project, and thereafter shall be used so as to further the objectives sought in carrying out the project. Either party shall offer to return to the other, or to reimburse the other for, any property which it obtains through financing by the other party pursuant to this Project Agreement which is not used in accordance with the preceding sentence.

I. (1) If AID and any public or private organization furnishing commodities through AID financing for operations hereunder in the cooperating country, is, under the laws, regulations or administrative procedures of the cooperating country, liable for customs duties and import taxes on commodities imported into the cooperating country for purposes of carrying out this Project Agreement, the Cooperating Agency will pay such duties and taxes unless exemption is otherwise provided by any applicable international agreement.

(2) If any personnel (other than citizens and residents of the cooperating country), whether United

States Government employees, or employees of public or private organizations under contract with, or individuals under contract with, AID, the Cooperating Agency or any agency authorized by the Cooperating Agency, who are present in the cooperating country to provide services which AID has agreed to furnish or finance under this Project Agreement, are, under the laws, regulations or administrative procedures of the cooperating country, liable for income and social security taxes with respect to income upon which they are obligated to pay income or social security taxes to the Government of the United States of America, for property taxes on personal property intended for their own use, or for the payment of any tariff or duty upon personal or household goods brought into the cooperating country for the personal use of themselves and members of their families (not including such personal or household goods as may be sold by any such personnel in the cooperating country), the Cooperating Agency will pay such taxes, tariff, or duty unless exemption is otherwise provided by any applicable international agreement.

J. Any personnel (other than citizens and residents of the cooperating country), whether United States Government employees, or employees of public or private organizations under contract with, or individuals under contract with, AID, the Cooperating Agency or any agency authorized by the Cooperating Agency, who are present in the cooperating country to provide services which AID has agreed to furnish or finance under this Project Agreement shall be subject to the approval of the Cooperating Agency and AID, and shall be under the general direction of the Director of the Mission to the cooperating country.

K. If any commodity is furnished to the Cooperating Agency, or any public or private agency authorized by the Cooperating Agency, on a grant basis through financing by AID pursuant to this Project Agreement under arrangements which will result in the accrual of proceeds to the Cooperating Agency or any authorized agency and if the applicable agreement between the two governments referred to on the first page of this Project Agreement does not provide for the establishment of a Special Account and the deposit therein of currency of the cooperating country, the Cooperating Agency will make such arrangements as may be necessary to establish a Special Account and to deposit therein currency of the cooperating country in amounts equal to such proceeds, in accordance with such terms and conditions as may be agreed upon. Funds in the Special Account may be used only as agreed upon by AID and the Cooperating Agency; provided, that such portion of the funds in the Special Account as may be designated by AID shall be made available to AID to meet the requirements of the United States.

L. The Cooperating Agency will make such arrangements as may be necessary so that funds intro-

duced into the cooperating country by AID or any public or private agency for purposes of carrying out obligations of AID hereunder shall be convertible into currency of the cooperating country at the highest rate which, at the time the conversion is made, is not unlawful in the cooperating country.

M. AID shall expend funds and carry on operations pursuant to this Project Agreement only in accordance with the applicable laws and regulations of the United States Government.

N. The two parties shall have the right at any time to observe operations carried out under this Project Agreement. Either party during the term of the Project and three years after the completion of the project, shall further have the right (1) to examine any property procured through financing by that party under this Project Agreement, wherever such property is located, and (2) to inspect and audit any records and accounts with respect to funds provided by, or any properties and contract services procured through financing by, that party under this Project Agreement, wherever such records may be located and maintained. Each party, in arranging for any disposition of any property procured through financing by the other party under this Project Agreement, shall assure that the rights of examination, inspection and audit described in the preceding sentence are reserved to the party which did the financing.

O. Upon completion of the project, a Completion Report shall be drawn up, signed by appropriate representatives of AID and the Cooperating Agency, and submitted to AID and the Cooperating Agency. The Completion Report shall include a summary of the actual contributions by both AID and the Cooperating Agency to the project, and shall provide a record of the activities carried out, the objectives achieved, and related basic data. AID and the Cooperating Agency shall each furnish the other with such information as may be needed to determine the nature and scope of operations under this Agreement and to evaluate the effectiveness of such operations.

P. The present Agreement shall enter into force when signed. Either party may terminate this Project Agreement by giving the other party 30 days written notice of intention to terminate it. Termination of this Project Agreement shall terminate any obligations of the two parties to make contributions pursuant to Blocks 8 and 9 of this Project Agreement, except for payments which they are committed to make pursuant to non-cancellable commitments entered into with third parties prior to the termination of the Project Agreement. It is expressly understood that the obligations under paragraph H relating to the use of property shall remain in force after such termination.

PROJECT AGREEMENT
BETWEEN THE DEPARTMENT OF STATE,
AGENCY FOR INTERNATIONAL DEVELOPMENT (AID),
AN AGENCY OF THE GOVERNMENT OF THE UNITED STATES
OF AMERICA, AND THE COMMISSION GENERAL OF THE PLAN,
AN AGENCY OF THE GOVERNMENT OF THE KINGDOM OF LAOS
ANNEX "C"

The following conditions shall be applicable to all local currency provided by the United States Government under this Agreement.

1. As a general rule, local currency provided under this Agreement should not be used to procure commodities which are not manufactured, mined, or grown in Laos. Examples of these commodities are office equipment, vehicles, heavy construction equipment, generators, and structural steel. Such items should be procured under dollar financing. However, local currency may be used to contract for services and construction even though the contractor in turn procures commodities not produced in Laos in order to complete his contract.

2. The conditions enunciated in the above paragraph 1 may be waived for the procurement of any single item having a unit cost of less than 50,000 kip, any item urgently required, or items imported from the United States, with the approval of the project administrator and the U. S. AID technician. This privilege, however, should not be used to defeat the principle of dollar procurement enunciated in paragraph 1.

3. Local currency provided under this Agreement, except those disbursed by USAID/Laos from U. S. -owned local currency and Trust Funds, shall be released to and reports of expenditures rendered by the responsible RLG Ministry in accordance with AID Standard Financial Provisions and Annexes "A" and "B" to this Agreement, copies of which are attached hereto and are a part hereof.

(Note: Annex "B" is not required for informational copies of this Agreement submitted to AID/W since it is a standard document.)

4390074(13)
CORRECTED

AID 1330-1
(8-C4)

PD-AAD-409

PRO AG

PROJECT AGREEMENT
BETWEEN THE DEPARTMENT OF STATE, AGENCY FOR INTERNATIONAL DEVELOPMENT (AID),
AN AGENCY OF THE GOVERNMENT OF THE UNITED STATES OF AMERICA, AND
THE COMMISSION GENERAL OF THE PLAN
AN AGENCY OF THE GOVERNMENT OF THE KINGDOM OF LAOS

The above-named parties hereby mutually agree to carry out a project in accordance with the terms set forth herein and the terms set forth in any annexes attached hereto, as checked below:

1. PROJECT/ACTIVITY NO. 439-11-290-074 PAGE 1 OF 1 PAGES 8p.

2. AGREEMENT NO. 2074 3. ORIGINAL OR REVISION NO. _____

PROJECT DESCRIPTION ANNEX A FOREIGN CURRENCY STANDARD PROVISIONS ANNEX
 STANDARD PROVISIONS ANNEX SPECIAL LOAN PROVISIONS ANNEX

4. PROJECT/ACTIVITY TITLE
INDUSTRY DEVELOPMENT

This Project Agreement is further subject to the terms of the following agreement between the two governments, as modified and supplemented:

GENERAL AGREEMENT FOR TECHNICAL COOPERATION DATE _____

5. PROJECT DESCRIPTION AND EXPLANATION
 (See Annex A attached)

ECONOMIC COOPERATION AGREEMENT DATE Sent. 9, 1951

6. AID APPROPRIATION SYMBOL 72-1121006 7. AID ALLOTMENT SYMBOL 256-50-439-00-69-21

(other) DATE _____

8. AID FINANCING	PREVIOUS TOTAL (A)	INCREASE (B)	DECREASE (C)	TOTAL TO DATE (D)
<input checked="" type="checkbox"/> DOLLARS <input type="checkbox"/> LOCAL CURRENCY				
(a) Total		1,200		1,200
(b) Contract Services				
(c) Commodities		1,200		1,200
(d) Other Costs				
9. COOPERATING AGENCY FINANCING - DOLLAR EQUIVALENT				
(a) Total				
(b) Technical and other Services				
(c) Commodities				
(d) Other Costs				

AID Clearances:
 PRO RAA
 AD/M MM
 AGR MM
 AD/PE MM
 AD/FIN MM

10. SPECIAL PROVISIONS (Use Additional Continuation Sheet, if Necessary)
 This Agreement provides dollar funds required for procurement of commodities as detailed in the attached action document (PIO/C) which is made a part of this Agreement by reference.

11. DATE OF ORIGINAL AGREEMENT August 2, 1971 12. DATE OF THIS REVISION _____ 13. ESTIMATED FINAL CONTRIBUTION DATE May 31, 1974

14. FOR THE COOPERATING GOVERNMENT OR AGENCY
 Signature: Phanh NGASIVATH
 Title: Director of Handicrafts and Small Industry

15. FOR THE AGENCY FOR INTERNATIONAL DEVELOPMENT
 Signature: Charles A. Mann
 Title: Director, USAID/Laos

PRO AG

PROJECT AGREEMENT
BETWEEN THE DEPARTMENT OF STATE, AGENCY FOR INTERNATIONAL DEVELOPMENT (AID),
AN AGENCY OF THE GOVERNMENT OF THE UNITED STATES OF AMERICA, AND
THE COMMISSION GENERAL OF THE PLAN

AN AGENCY OF THE GOVERNMENT OF THE KINGDOM OF LAOS

The above-named parties hereby mutually agree to carry out a project in accordance with the terms set forth herein and the terms set forth in any annexes attached hereto, as checked below:

- PROJECT DESCRIPTION ANNEX A FOREIGN CURRENCY STANDARD PROVISIONS ANNEX
 STANDARD PROVISIONS ANNEX SPECIAL LOAN PROVISIONS ANNEX C

This Project Agreement is further subject to the terms of the following agreement between the two governments, as modified and supplemented:

- GENERAL AGREEMENT FOR TECHNICAL COOPERATION DATE _____
 ECONOMIC COOPERATION AGREEMENT DATE Sept. 9, 1951
 (other) DATE _____

1. PROJECT/ACTIVITY NO. 439-11-290-074 PAGE 1 OF 1 PAGES

2. AGREEMENT NO. 2074 3. ORIGINAL OR REVISION NO. _____

4. PROJECT/ACTIVITY TITLE
INDUSTRY DEVELOPMENT

5. PROJECT DESCRIPTION AND EXPLANATION
(See Annex A attached)

6. AID APPROPRIATION SYMBOL 72-1121006 7. AID ALLOTMENT SYMBOL 256-50-439-00-69-21

6. AID FINANCING <input checked="" type="checkbox"/> DOLLARS <input type="checkbox"/> LOCAL CURRENCY	PREVIOUS TOTAL (A)	INCREASE (B)	DECREASE (C)	TOTAL TO DATE
				(D)
(a) Total	33,850			33,850
(b) Contract Services	4,900			4,900
(c) Commodities	21,600			21,600
(d) Participants	6,350			5,350
(e) Other Costs	1,000			1,000
7. COOPERATING AGENCY FINANCING - DOLLAR EQUIVALENT				
8.00 =				
(f) Total				
(g) Technical and other Services				
(h) Commodities				
(i) Other Costs				

10. SPECIAL PROVISIONS (Use Additional Continuation Sheets, if Necessary)

To provide project description and objectives.

(Continued)

USAID
Clearances:
PRO BR
ADM MDA
AGR VC
AD P BR
AD/FIN BR
EAD BR

Sisouk NA CHAMPASSAK
Minister of Finance

Pane RASSAVONG
Commissioner Gen.
of the Plan

13. ESTIMATED FINAL CONTRIBUTION DATE
May 31, 1974
Charles A. Mann
Director, USAID/Laos

11. DATE OF ORIGINAL AGREEMENT August 2, 1971 12. DATE OF THIS REVISION June 30, 1972
14. FOR THE COOPERATING GOVERNMENT OF LAOS 15. FOR THE AGENCY FOR INTERNATIONAL DEVELOPMENT

PROJECT AGREEMENT
BETWEEN AID AND

THE COMMISSION GENERAL OF THE PLAN

AN AGENCY OF THE GOVERNMENT OF
THE KINGDOM OF LAOS

1. Protocol/Activity No.
439-11-290-074

2. Agreement No.
2074

3. Project/Activity Title

INDUSTRY DEVELOPMENT

This Agreement is entered into between the Agency for International Development, hereinafter referred to as "USAID", and the Ministries of Finance and National Economy and the Commission General of the Plan, agencies of the Royal Lao Government, hereinafter referred to as the RLG, to jointly continue this Industry Development project. The parties to this Agreement will use their best efforts to accomplish the agreed upon objectives of this project which are defined below.

PROJECT DESCRIPTION AND OBJECTIVES

1. An objective of this project is to encourage and assist the development of private industrial establishments, saving and loans cooperatives and cooperative agricultural projects in Laos by technical advisory, and limited financial and commodity assistance.

Priority will be given to agro-industry where feasibility projections appear favorable. Assistance will continue to be provided in the development of sericulture among refugees.

2. Encourage investment in priority industrial, agricultural and development projects by providing pre-investment and feasibility studies, technical advisory assistance and financing of selected priority projects.

3. Improve the capacity of the Development Bank of Laos to finance Lao development, so as to merit confidence of the international lending community to use it as intermediary for development loan funds.

4. Aid the National Bank of Laos in developing policy control over monetary, banking and financial activities in Laos by technical advisory and training assistance.

COURSE OF ACTION

1. Technical Advisory Services for development of priority industries, technical studies and financing of industrial and agricultural loan projects may be provided by USAID in the form of short and medium term services by contract specialists or by services of resident USAID personnel. A Private Enterprise Advisor and a Credit Advisor (Banking) provide technical coordination assistance for this project activity in conjunction with RLG counterparts.

For the Cooperating Government or Agency

For the Agency for International Development

The signatures appearing on the face sheet of this Pro-Ag are also equally applicable to the continuation sheets.

SIGNATURE: _____ DATE: _____

SIGNATURE: _____ DATE: _____

TITLE: _____

TITLE: _____

PROJECT AGREEMENT
BETWEEN AID AND

THE COMMISSION GENERAL OF THE PLAN

AN AGENCY OF THE GOVERNMENT OF
THE KINGDOM OF LAOS

1. Project/Activity No.
439-11-290-074

2. Agreement No.
2074

3. Project/Activity Title

INDUSTRY DEVELOPMENT

3. Original or
Revision No. 7

The most significant effort of the Government to foster industrial development, may well be in improving the investment climate including policy actions affecting money and banking. Examples of such policy actions would be those taken by the National Bank of Laos in control over interest rates and reserve requirements, in control over commercial banking and other financial activities, and RLG powers in licensing private investment activities in various economic sectors.

Financing of industrial and agricultural loan projects will be accomplished through the Development Bank of Laos, Industry and Mechanized Farming Loan Fund which is in the process of being capitalized by this Bank in accordance with past agreements between the Minister of Finance and Director USAID.

In principle industry, agro-industry and other private sector pre-investment or feasibility studies are considered an important prerequisite of loans to be financed by the Development Bank of Laos.

Support has been provided for the Development Bank of Laos in its development function and to assist it to become an intermediary for loan funds by meriting the confidence of domestic, foreign and multilateral financing groups. Contract technical advisory assistance for this Bank may in future be financed by other projects between USAID and the Royal Lao Government for services of short term advisors to assist the DBL in improving systems and procedures to enhance its capability to respond effectively to new private investment opportunities in industry and agriculture. Similarly assistance to commercial banks will generally be indirect in the development of systems to direct fund flows to commercial banks that are supportive of development objectives, and to otherwise improve commercial banking practices.

Any future support and development of industrial finance will endeavor to assist entities engaged in private sector industrial and agricultural development, and will demonstrate the benefit of adequate technical, economic and financial feasibility studies as a precondition to loans to private sector industrial investment projects.

2. Industry and Agricultural Loan Fund

USAID has provided under this project in past years funding to provide local currency funds for the Special Fund Industry and Mechanized Farming Loan Fund which is administered by the

For the Cooperating Government or Agency

For the Agency for International Development

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SIGNATURE: _____ DATE: _____

SIGNATURE: _____ DATE: _____

TITLE: _____

TITLE: _____

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CONTINUATION
SHEET
ANNEX _____

PROJECT AGREEMENT
BETWEEN AID AND
THE COMMISSION GENERAL OF THE PLAN
AN AGENCY OF THE GOVERNMENT OF
THE KINGDOM OF LAOS

1. Project/Activity No.
439-11-290-074

2. Agreement No.
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3. Project/Activity Title
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PAGE 4 OF 7 PAGES

3. Original or
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Development Bank of Laos. A contemporary amendment to the FY 1969 Project Agreement for Industry Development authorizes transfer to the Development Bank of Laos of currently available Kip funds that were obligated in FY 1969. As described in that document the Development Bank of Laos receives a grant of a certain sum of Kip capitalize on their books the Industry and Mechanized Farming Loan Fund. They also receive Kip funding with which to finance a loan fund for Swine Production in the Vientiane Plain, and the funds to finance a particular loan project which was being processed for issuance as at June 30, 1972.

Agro-Industry and other industrial loans that have received favorable feasibility studies will be considered on their merits and more favorably if they are designed to participate in any Industrial Estates that may be developed near Vientiane.

Examples of Agro-Industry loans worthy of consideration under the DBL new loan fund are feed milling, food and vegetable oil processing, sugar processing, and meat processing. Other industrial loans suggested for consideration may include applicants for placement in the industrial estate, a tannery, a foundry or an automotive battery plant.

3. Development Bank of Laos (DBL)

USAID has assisted and in future will endeavor to assist through other projects the Development Bank of Laos to develop the capability to serve as intermediary for development funds to private sector enterprises, assuring professional appraisal of loan applications, and effective supervision and control of loan projects.

4. National Bank of Laos (NBL)

USAID will be prepared to assist through other projects in the future the National Bank of Laos by providing the advisory services for up to 6 months of a Monetary and Central Banking Advisor to assist in developing policy formulation and control procedures to enable the National Bank to increase its capability to control monetary and commercial banking activities in Laos.

5. Training

Training for two DBL personnel in Thailand in Institutions such as IFCT and Bank for Agricultural and Agricultural Cooperatives will continue to develop the staff capability of the DBL, particularly within the Service of Studies. Also training for personnel of the National Bank of Laos in Thailand may be financed on short term basis for mid-level

For the Cooperating Government or Agency

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TITLE: _____

For the Agency for International Development

SIGNATURE: _____ DATE: _____

TITLE: _____

PROJECT AGREEMENT

BETWEEN AID AND

THE COMMISSION GENERAL OF THE PLAN

**AN AGENCY OF THE GOVERNMENT OF
THE KINGDOM OF LAOS**

1. Project/Activity No.

439-11-290-074

PAGE 5 OF 7 PAGES

2. Agreement No.

3. Original or

Revision No. 7

3. Project/Activity Title

INDUSTRY DEVELOPMENT

career personnel. Invitational travel may be offered for management personnel of the Development Bank of Laos and the National Bank of Laos in third countries where lessons may be learned that are appropriate to the needs of the respective Banks.

PROJECT EVALUATION

Evaluation of the project in the forward period will conform with the Project Logical Framework in Project Appraisal Report dated 1/20/72. The goal of improving the capacity of the Development Bank to finance industrial and agricultural development projects will be judged by professional appraisals of RLG and USAID. Accomplishment of the objective of improving DBL capacity to increase the number and volume of loans having valid feasibility studies will be assessed by examining the record annually. Evaluation of capacity of project trained personnel in DBL and other institutions to perform assigned duties will be judged from the record of accomplishments in tasks for which personnel were trained.

USAID CONTRIBUTION

The purposes of the dollar contributions expressed earlier under this project for Fiscal Year 1972 are described in this Agreement.

U. S. TECHNICIANS

USAID has provided qualified technical personnel to serve as required in coordination with personnel of the Ministry of National Economy, the Commission General of the Plan, the Development Bank of Laos, and with private entrepreneurs and industrialists in carrying out the objectives of this project, subject to funding availability.

PARTICIPANT TRAINING

It is understood that training of staff personnel within institutions and Ministries receiving assistance under this project has been a continuing function. Generally training was conducted in Laos or in neighboring countries such as Thailand. For this purpose \$4,950 was previously obligated for extension of academic training in Forestry, for Loan Administration and Accounting Machines Operations.

COMMODITIES

It has been determined that to fully implement this project certain commodities are needed for use by USAID and Ministry personnel for training demonstration activities and operations. For these purposes, \$1,200 was originally provided for mulberry cutting. USAID also provided

For the Cooperating Government or Agency

For the Agency for International Development

The signatures appearing on the face sheet of this Pro-Ag are also equally applicable to the continuation sheets.

SIGNATURE: _____ DATE: _____

SIGNATURE: _____ DATE: _____

TITLE: _____

TITLE: _____

PROJECT AGREEMENT BETWEEN AID AND THE COMMISSION GENERAL OF THE PLAN AN AGENCY OF THE GOVERNMENT OF THE KINGDOM OF LAOS	1. Project/Activity No. 439-12-290-074	PAGE <u>6</u> OF <u>7</u> PAGES 3. <input type="checkbox"/> Original or Revision No. <u>7</u>
	2. Agreement No. 2074	
	3. Project/Activity Title INDUSTRY DEVELOPMENT	

foreign exchange in the amount of \$12,500 for procurement of two vertical turbine pumps for the Lao Water Works (Societe Central des Eaux du Laos) as detailed in Revision 2 to the interim Project Agreement.

In addition, common use commodities, including POL, General Supplies and Vehicle and Equipment Repair Parts, not to exceed a cost of \$2,900 including freight, were provided under this Project Agreement. These items were originally funded under the Project Commodities Project (Common Use) and the cost of these commodities were transferred to this project by Journal Voucher when the Commodities were delivered for use to the project.

OTHER COSTS

Agro-Industry activities supported under this project include funding for transportation of commodities, miscellaneous small purchases, invitational travel and English language training in Country. Other costs for Banking/Industry include miscellaneous small purchases, operational travel and invitational travel for personnel of the Development Bank of Laos or the National Bank of Laos. Limited administrative and logistic support has been continued to Forestry activities that have been supported in the past, but on a declining scale.

LOCAL CURRENCY CONTRIBUTION

In Fiscal Year 1972, USAID will contribute local currency for certain personnel costs and other costs such as in-country travel, repair and maintenance of equipment, translation and printing, sericulture training and MRO and miscellaneous expenses. Counterpart funding for the Industry Loan Fund has been provided from funds available from prior years.

RLG MINISTRY CONTRIBUTION

The RLG will provide Kip to cover costs of their personnel as appropriate for the project, to be paid from the RLG budget.

GENERAL PROVISIONS

A. It is understood by the parties to this agreement that the

For the Cooperating Government or Agency The signatures appearing on the face sheet of this Pro-Ag are also equally applicable to the continuation sheets. SIGNATURE: _____ DATE: _____ TITLE: _____	For the Agency for International Development SIGNATURE: _____ DATE: _____ TITLE: _____
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PROJECT AGREEMENT
BETWEEN AID AND
THE COMMISSION GENERAL OF THE PLAN
AN AGENCY OF THE GOVERNMENT OF
THE KINGDOM OF LAOS

1. Project/Activity No.
439-11-290-074

2. Agreement No.
2074

3. Project/Activity Title
INDUSTRY DEVELOPMENT

PAGE 7 OF 7 PAGES

3. Original or
Revision No. 7

provisions contained in the Pro-Ag Standard Provisions Annex shall apply to this Project Agreement.

B. Local currency provided under the USAID Trust Fund will be transferred as needed from the Counterpart Special Account to the US AID Trust Fund for disbursement by US AID/Laos. Procurement of goods and services will be done either through US AID Class "C" Cashier procedures or by the US AID Office of Supply Management Branch as appropriate.

C. The following additional provision shall be applicable to all commodities procured with dollar funds under this agreement: While under the provisions of paragraph G Standard Provisions Annex title to all property procured with AID financing shall be in the Cooperating Country, it is agreed by the parties hereto that possession and operating control of such property shall remain with the Director of US AID until such time as the actual possession of such property is relinquished to the Cooperating Country.

For the Cooperating Government or Agency

The signatures appearing on the
also equally applicable to the
SIGNATURE: _____ DATE: _____
TITLE: _____

For the Agency for International Development

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continuation sheets.
SIGNATURE: _____ DATE: _____
TITLE: _____

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PRO AG

PROJECT AGREEMENT
BETWEEN THE DEPARTMENT OF STATE, AGENCY FOR INTERNATIONAL DEVELOPMENT (AID),
AN AGENCY OF THE GOVERNMENT OF THE UNITED STATES OF AMERICA, AND
THE COMMISSION GENERAL OF THE PLAN
AN AGENCY OF THE GOVERNMENT OF THE KINGDOM OF LAOS

The above-named parties hereby mutually agree to carry out a project in accordance with the terms set forth herein and the terms set forth in any annexes attached hereto, as checked below:

1. PROJECT/ACTIVITY NO. 439-11-290-074	PAGE 1 OF 5 PAGES
2. AGREEMENT NO. 9074	2. <input type="checkbox"/> ORIGINAL OR REVISION NO. 11
3. PROJECT/ACTIVITY TITLE	

PROJECT DESCRIPTION ANNEX A FOREIGN CURRENCY STANDARD PROVISIONS ANNEX

STANDARD PROVISIONS ANNEX SPECIAL LOAN PROVISIONS ANNEX

INDUSTRY DEVELOPMENT

This Project Agreement is further subject to the terms of the following agreement between the two governments, as modified and supplemented:

<input type="checkbox"/> GENERAL AGREEMENT FOR TECHNICAL COOPERATION	DATE
<input checked="" type="checkbox"/> ECONOMIC COOPERATION AGREEMENT	DATE Sept. 9, 1951
<input type="checkbox"/> (if any)	DATE

4. PROJECT DESCRIPTION AND EXPLANATION
(See Annex A attached)

6. AID APPROPRIATION SYMBOL 72-1191001	7. AID ALLOTMENT SYMBOL 954-50-439-00-69-91
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5. AID FINANCING	PREVIOUS TOTAL (A)	INCREASE (B)	DECREASE (C)	TOTAL TO DATE (D)
<input checked="" type="checkbox"/> DOLLARS <input type="checkbox"/> LOCAL CURRENCY				
(a) Total	195,200			195,200
(b) Contract Services PASA	102,400 31,000			102,400 31,000
(c) Commodities	30,800			30,800
(d) Participants (PIO/P)	5,800			5,800
(e) Other Costs	25,200			25,200

9. COOPERATING AGENCY FINANCING - EXCEPT TECHNICAL
 In Kip

	Kip		Kip
(a) Total	195,000,000		195,000,000
(b) Technical and other Services			
(c) Commodities			
(d) Other Costs			

10. SPECIAL PROVISIONS (Use Additional Continuation Sheets, if Necessary)

See Continuation sheets.

US AID Clearances
 OP/P R
 OP
 IMD FCC
 CCN CCL
 MGT

Refs. MEMCO dtd 6/9/69 & OD's lett dtd 5/13/69

11. DATE OF ORIGINAL AGREEMENT July 24, 1968	12. DATE OF THIS REVISION June 27, 1969	13. REVISED FINAL CONTRIBUTION DATE May 31, 1971
14. FOR THE COOPERATING GOVERNMENT OR AGENCY Signature: <i>Sisouk NA CHAMPPASSAK</i> Signature: <i>Pane RASSAVONG</i>		15. FOR THE AGENCY FOR INTERNATIONAL DEVELOPMENT Signature: <i>Charles A. Mann</i> Signature: _____
SIGNATURE: Sisouk NA CHAMPPASSAK TITLE: Minister of Finance		SIGNATURE: Charles A. Mann TITLE: Director, US AID/Laos
DATE: _____		DATE: _____

PROJECT AGREEMENT
BETWEEN AID AND
THE COMMISSION GENERAL OF THE PLAN
AN AGENCY OF THE GOVERNMENT OF
THE KINGDOM OF LAOS

1. Project/Activity No. 439-11-290-074	PAGE 2 OF 5 PAGES
2. Agreement No. 9074	3. <input type="checkbox"/> Original or Revision No. 11
3. Project/Activity Title INDUSTRY DEVELOPMENT	

An agreed objective of this project is to assist the development of mechanized farming activities by technical advisory, financial and commodity support. The purpose of this revision to the Project Agreement is to establish procedures and guidelines for implementing mechanized farming activities. Financial support will be through financing of approved mechanized farming loan applications addressed to the Special Fund - Industry Loan Fund, administered by the Development Bank of Laos.

Annex II of the Project Agreement as amended is herewith further amended by the addition of the following procedures and guidelines designed to enable appropriate review of pertinent factors in mechanized farming loan applications.

III. Terms and Procedures (Continued)

30. Procedures for Special Fund - Industry Loan Fund (ILF),

Development Bank of Laos, Mechanized Farming Loans (MFL) Project
Development.

(1) Mechanized Farming Loan Request passes initial screening of DEL Committee, and Loan Application Form is completed that provides following minimal information.

The loan application describes:

- a) Project functional proposal to be expressed in detail.
- b) The location of owned land/property that will be used in project; secondly, the additional land (if any) where custom plowing or other mechanized services are expected to be performed; and finally any additional land/property serving as collateral for loan.
- c) The amount and form of Equity committed to project, and the size of loan requested.
- d) Cost and purpose of proposed USIP equipment, and value and use of borrowers' currently-owned equipment to be used in project.

(2) Loan Application is submitted to Technical Committee of ILF/MFL for screening.

For the Cooperating Government or Agency	For the Agency for International Development
The signatures appearing on the face sheet of this Pro-Ag are also equally applicable to the continuation sheet(s).	
SIGNATURE: _____ DATE: _____	SIGNATURE: _____ DATE: _____
TITLE: _____	TITLE: _____

PROAG
CONTINUATION
SHEET

ANNEX

AGREEMENT BETWEEN AID AND
THE COMMISSION GENERAL OF THE PLAN
AN AGENCY OF THE GOVERNMENT OF
THE KINGDOM OF LAOS

439-11-290-074 PAGE 2 OF 2 PAGES
2. Agreement No. 907A
3. Original or Revision No. 11
3. Project/Activity Title
INDUSTRY DEVELOPMENT

a) First screening should determine that loan application meets the following criteria. If not, Development Bank of Laos should query applicant to determine whether applicant is capable of modifying application to meet these criteria.

1) Project includes units of USIF Mechanized Farming equipment equal to a minimum of approximately 70% of loan requested of Industry Loan Fund.

2) Borrower's equity in project equals 30% or more of the project for which ILF loan is requested.

To constitute an acceptable in kind contribution to equity, the properties (commodities) must be directly and entirely used in the project.

3) The ILF/MFL may grant its financial assistance to the extent of 49% of the value of the goods offered for collateral security. However, in the event whereby the loan is used for equipment or productive buildings, these may be offered for additional security for an amount equal to 1% of the insured value.

4) Borrower must accept loan conditions requiring use of improved inputs of seed, fertilizer, insecticide and improved agricultural practices.

5) The main form of collateral security accepted as real estates duly registered at cadastral office responsible for such registry.

b) When established that a loan qualifies with above criteria, intensive loan consideration will commence.

c) Appraisal of the properties offered for collateral security will be made in accordance with the pricing scale established by the Technical Committee and approved by DBL.

(3) The ILF/MFL Technical Committee (consisting of an RLG Official as Chairman, a representative of the Commissioner of Plan, a representative of Direction of Agriculture, two representatives from Development Bank of Laos, one representative from Agricultural Development Organisation (ADO), one representative from USAID/Agriculture Division, and one representative from USAID/IMD/Industry Branch,) commences intensive loan appraisal.

For the Cooperating Government or Agency

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SIGNATURE: _____ DATE: _____

TITLE: _____

For the Agency for International Development

The signatures appearing on the face sheet of this ProAg are also equally applicable to the continuation sheet (s).

SIGNATURE: _____ DATE: _____

TITLE: _____

PROAG
CONTINUATION
SHEET

ANNEX

DEPARTMENT OF AGRICULTURE AND FORESTRY
THE COMMISSION GENERAL OF THE PLAN
AN AGENCY OF THE GOVERNMENT OF
THE KINGDOM OF LAOS

439-11-290-074
2. Agreement No.
9074
3. Project/Activity Title
INDUSTRY DEVELOPMENT
4. NUMBER OF PAGES
Original or 11
Revision No. 11

An appropriate RIG Official will be designated as Chairman and Coordinator of the Technical Committee, who with the assistance of the U.N. Agricultural Economist or other adviser, may assign appraisal tasks for consideration and action by various specialists in the Committee or elsewhere. He also will schedule the site visits and set the time frame for review and comment on loan documents by the respective members of the Committee.

(4) Site Visits by representatives of the Technical Committee members will be undertaken to establish project validity. Site visits will attempt to determine:

- (a) Site is above water and capable of being plowed before rainy season.
- (b) Access to site is possible by mechanized equipment by road.
- (c) Soil condition appears adequate for the production for which the MFL is intended.
- (d) Terrain gradient is adequate for rice production without terracing, if rice is the intended crop.

(5) Additional information requirements are identified and elements designated to obtain or provide the information.

(6) Additional essential information is then passed to Technical Committee for consideration.

(7) Technical Committee, with the U.N. Agricultural Economist taking the lead, studies data and prepares Feasibility Study of loan project.

(8) Technical Committee and DBL Staff prepares Loan Paper, if Feasibility study is affirmative, recommending the issuance of the Loan.

If Feasibility is doubtful the loan application will be submitted directly to the Management Committee together with explanations.

(9) The ULF/MFL Management Committee, (consisting of the Governor of BNL or his representative, Director of USAID/Laos or his representative, Commissioner of Plan or his representative, Director of Agriculture or his representative, Director of Industry or his representative, President of National Chamber of Commerce & Industry or his representative, and Director General of DBL or his representative) approves or disapproves of the loan Application based on the recommendations of the Loan Paper, and with such

For the Cooperating Government or Agency

For the Agency for International Development

The signatures appearing on the face sheet of this ProAg are also equally applicable to the continuation sheet (s).

SIGNATURE _____ DATE _____
TITLE _____

SIGNATURE _____ DATE _____
TITLE _____

PROAG
CONTINUATION
SHEET

ANNEX

DEVELOPMENT PROJECT
BETWEEN AID AND
THE COMMISSION GENERAL OF THE PLAN
IN AGENCY OF THE GOVERNMENT OF
THE KINGDOM OF LAOS

1. Project No. 439-11-290-074
2. Agreement No. 9074
3. Original or 11 Revision No.
Project/Activity Title
INDUSTRY DEVELOPMENT

stipulations and conditions as stated in the Loan Paper unless modified by the Management Committee. The Management Committee may send back the Loan Paper to the Technical Committee to clarify the points indicated.

(10) The Loan Agreement is prepared incorporating in the project for agricultural production the requirements mutually agreed upon by USAID and the Direction of Agriculture as to utilization of approved inputs of seed, fertilizer, insecticide, and agricultural practices, and other stipulations desired, and coordinated with borrower.

(11) The Loan Agreement is examined by the members of the Technical Committee.

(12) The Loan agreement is signed.

(13) The Loan is issued and project implementation commences.

(14) The monitoring of the implementation, by a delegate chosen by the Technical Committee, is done at later dates, to ascertain that actions are taken to satisfy the requirements of the HIC Direction of Agriculture and of USAID (10 above) and to provide periodic reports of the operations.

For the Cooperating Government or Agency

For the Agency for International Development

The signatures appearing on the face sheet of this Proag are also equally applicable to the continuation sheet (s).

SIGNATURE: _____ DATE: _____

SIGNATURE: _____ DATE: _____

TITLE: _____

TITLE: _____

PRO AG

PROJECT AGREEMENT
BETWEEN THE DEPARTMENT OF STATE, AGENCY FOR INTERNATIONAL DEVELOPMENT (AID),
AN AGENCY OF THE GOVERNMENT OF THE UNITED STATES OF AMERICA, AND
THE COMMISSION GENERAL OF THE PLAN

AN AGENCY OF THE GOVERNMENT OF THE KINGDOM OF LAOS

The above-named parties hereby mutually agree to carry out a project in accordance with the terms set forth herein and the terms set forth in any annexes attached hereto, as checked below:

- PROJECT DESCRIPTION ANNEX X FOREIGN CURRENCY STANDARD PROVISIONS ANNEX
 STANDARD PROVISIONS ANNEX SPECIAL LOAN PROVISIONS ANNEX III

This Project Agreement is further subject to the terms of the following agreement between the two governments, as modified and supplemented:

- GENERAL AGREEMENT FOR TECHNICAL COOPERATION DATE _____
 ECONOMIC COOPERATION AGREEMENT DATE _____
 (other) DATE _____

1. PROJECT/ACTIVITY NO. 439-11-290-074 PAGE 1 OF 1 PAGES

2. AGREEMENT NO. 9074 3. ORIGINAL OR REVISION NO. 14

4. PROJECT/ACTIVITY TITLE
INDUSTRY DEVELOPMENT

5. PROJECT DESCRIPTION AND EXPLANATION
(See Annex A attached)

6. AID APPROPRIATION SYMBOL 72-1111004 7. AID ALLOTMENT SYMBOL 154-50-439-00-69-23

8. AID FINANCING		PREVIOUS TOTAL (A)	INCREASE (B)	DECREASE (C)	TOTAL TO DATE (D)
<input type="checkbox"/> DOLLAR	<input type="checkbox"/> LOCAL CURRENCY				
(a) Total		216,100			216,100
(b) Contract Services		107,200 31,000			107,200 31,000
(c) Commodities		46,900			46,900
(d) Other Costs		5,800 25,200			5,800 25,200

9. COOPERATING AGENCY FINANCING - DOLLAR EQUIVALENT
\$1.00 =

9. COOPERATING AGENCY FINANCING - DOLLAR EQUIVALENT		PREVIOUS TOTAL (A)	INCREASE (B)	DECREASE (C)	TOTAL TO DATE (D)
(a) Total	(b) Technical and other Services				
(a) Total		116,000,000			116,000,000
(b) Technical and other Services					
(c) Commodities					
(d) Other Costs					

10. SPECIAL PROVISIONS (In Additional Continuation Sheets, if Necessary)
 This revision authorizes transfer to the Development Bank of Laos of Kip 95,000,000 of remaining funds obligated for project in FY 1969 for use in the forward period in conformance with terms expressed in Annex D and Annex III hereto.
 This revision also extends the Estimated Final Contribution Date as indicated. This extension applies to Local Currency obligations only.

11. DATE OF ORIGINAL AGREEMENT July 24, 1968 12. DATE OF THIS REVISION June 30, 1972 13. ESTIMATED FINAL CONTRIBUTION DATE July 30, 1972

14. FOR THE COOPERATING GOVERNMENT OR AGENCY
 15. FOR THE AGENCY FOR INTERNATIONAL DEVELOPMENT

Sisouk NA CHAMPASSACK
 Minister of Finance
 Pane RASSAVONG
 Commissioner Gen.
 of the Plan

Charles A. Mann
 Charles A. Mann
 James B. Chandler
 Director, USAID/Laos

Includes 2 copies of...
 USAID:
 Clearances:
 PRO *[Signature]*
 EAD *[Signature]*
 AD/M *[Signature]*
 AD/P *[Signature]*
 AD/FIN *[Signature]*
 AGR *[Signature]*

[Handwritten Signature]

PROAG
CONTINUATION
SHEET
ANNEX D

<p align="center">PROJECT AGREEMENT BETWEEN AID AND THE COMMISSION GENERAL OF THE PLAN AN AGENCY OF THE GOVERNMENT OF THE KINGDOM OF LAOS</p>	1. Project/Activity No. 439-11-290-074	PAGE <u>1</u> OF <u>3</u> PAGES
	2. Agreement No. 9074	3. <input type="checkbox"/> Original or Revision No. <u>14</u>
	3. Project/Activity Title INDUSTRY DEVELOPMENT	

1. This revision authorizes transfer of FY 1969 pipeline funds in amount of Kip 95,000,000 to the following recipient activities:

- a) Development Bank of Laos (DBL) for capitalization on their books of an Industry and Mechanized Farming Loan Fund = K 60,000,000
This loan fund will initially be administered by the DBL in conformance with revised Annex III appended hereto. However, as required by changing circumstances, the DBL may modify the terms and regulations governing **this** loan fund to enable effective use of funds therein for the economic development of industry and agriculture sectors in Laos.
 - b) Development Bank of Laos to be held pending receipt of instructions from USAID/Agriculture Division for purposes of a loan fund for Swine Production in the Vientiane Plain. = K 32,000,000
 - c) Development Bank of Laos to finance a loan for equipment purchases for Khambay Philaphandeth Tire Recapping Plant under their new Industry and Mechanized Farming Loan Fund = K 3,000,000
- If a loan agreement is not signed for this purpose by 12/31/72 the funds may be used for other loan purposes under the new Industry and Mechanized Farming Loan Fund.
- Total K 95,000,000

2. The administration of presently existing Industry and Mechanized Farming Loan projects representing loans issued and outstanding under this Project in the period from inception until June 30, 1972, will henceforth be administered by the Development Bank of Laos in conformance with Fund regulations in Annex III hereto, as amended from time to time by the Board of Directors of the Development Bank of Laos.

For the Cooperating Government or Agency	For the Agency for International Development
SIGNATURE: _____ DATE: _____	SIGNATURE: _____ DATE: _____
TITLE: _____	TITLE: _____

PROJECT AGREEMENT
BETWEEN AID AND

THE COMMISSION GENERAL OF THE PLAN

AN AGENCY OF THE GOVERNMENT OF
THE KINGDOM OF LAOS

1. Project/Activity No.

439-11-290-074

PAGE 1 OF 8 PAGES

2. Agreement No.

9074

3. Original or
Revision No. 14

3. Project/Activity Title

INDUSTRY DEVELOPMENT

REGULATIONS OF THE SPECIAL FUND - INDUSTRY DEVELOPMENT
AND MECHANIZED FARMING, ADMINISTERED BY
THE DEVELOPMENT BANK OF LAOS (DBL)

1. General

1. A special fund for the development of industry and agriculture hereafter designated as the Fund is established within the Development of Laos with the financial support of USAID/Laos. (The goal of the Fund is to encourage and assist the creation of private productive enterprises in Laos and the expansion or improvement of existing ones. The Fund can lend only to enterprises essentially private in character. An equity participation by the government or by public enterprises shall render the enterprise ineligible to receive assistance from the Fund.

2. The Fund will promote its objectives by supplying loan capital and by providing guarantees of industrial loans extended by commercial banks, other credit institutions or individuals to private sector productive enterprises that contribute to the economic development of Laos. The Fund may also guarantee private commercial transactions where the objective is in consonance with the development objectives mutually shared by the RLG and donors to this fund.

3. Wherever possible reliance will be placed upon the facilities of the commercial banks.

II. Fund Operations

4. In the case of guarantees of commercial credits, the Fund shall guarantee reimbursement of commercial banks for up to 80 percent of any payments made by them to a client's supplier for the account of the client according to the terms of the Fund's guarantee contract with the commercial bank.

5. The use of these funds for such payments which are made to the commercial banks in accordance with paragraph 4 above will be effected upon the request of commercial banks which will undertake to provide documentary evidence as and when the financed goods have arrived, that payment has been made by the commercial banks, and verification undertaken by the Customs Service that the goods imported are those specified in the shipping documents and the loan contract.

6. In the case of loan guarantees, interest shall be charged from the time the credit guarantee contract is signed with the commercial bank. The interest rate for a loan guarantee by the Fund shall be three (3) percent per annum.

For the Cooperating Government or Agency

For the Agency for International Development

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PROJECT AGREEMENT
BETWEEN AID AND

THE COMMISSION GENERAL OF THE PLAN

AN AGENCY OF THE GOVERNMENT OF
THE KINGDOM OF LAOS

1. Project/Activity No.
439-11-290-074

2. Agreement No.
9074

3. Project/Activity Title

INDUSTRY DEVELOPMENT

3. Original or
Revision No. 14

In the case where the Fund is called upon to make good its guarantee, the interest rates cited in paragraph 8 below for direct loans will apply, starting from the date of the first disbursement made by the Fund for the account of the client and continuing until the obligation has been repaid.

7. The Fund may also make direct loans to businesses for financing the purchase of machinery or raw materials for the development of productive industries. In loan operations, reliance shall be placed whenever possible upon the facilities of the borrower's commercial bank. Release of funds may be made by the client's commercial bank and shall be only for the purposes started in the client's loan contract with the Fund.

8. The rate of interest to be charged for direct loans will be eleven (11) per cent per annum and will commence from the time money is released from the Fund, except on foreign equipment purchased for which only 3% interest p.a. will be collected until merchandise arrives in Laos. The income from this 3% interest will be divided:

- 1/4% opening fee to the client's commercial bank
- 3/4% closing fee to client's commercial bank,
- 2% for administrative overhead payable to the DBL.

A commitment charge shall also be made to be effective from the time the loan contract is signed until the Fund releases money to the client.

Commitment Charge

- One per cent per year
- Two per cent per year
- Three per cent per year

Time Elapsed Between Signing of
Loan Contract and 1st Disbursement
of Loan Funds

- Less than 3 months (90 days)
- From 3 months to 6 months (180 days)
- More than 6 months

A penalty rate fixed at one per cent per month in addition to normal interest charge shall be charged on repayments of interest and principal which are in default, but the penalty may not exceed eleven (11) per cent per year.

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PROJECT AGREEMENT BETWEEN AID AND THE COMMISSION GENERAL OF THE PLAN AN AGENCY OF THE GOVERNMENT OF THE KINGDOM OF LAOS	1. Project/Activity No. 439-11-290-074	PAGE <u>3</u> OF <u>8</u> PAGES
	2. Agreement No. 9074	3. <input type="checkbox"/> Original or Revision No. <u>14</u>
	3. Project/Activity Title INDUSTRY DEVELOPMENT	

III. Terms and Procedures

9. The maximum term of all loans and guarantees granted by the Fund shall be for five years.

10. The borrower will have the option to repay in whole or in part the loan installments before their due date, in which case the borrower will benefit from a reduction in the interest rate as specified below:

a) Reduction in the rate of interest specified in paragraph 8:

<u>Period Covered by Prepayments</u>	<u>Percentage Point Reduction in Interest Rates</u>
From one year but not more than two years before due date	One-half percentage point
More than two but not more than three years before due date	One percentage point
Three or more years before due date	Two percentage points

b) The borrower must give prior notice in writing to the Fund of not less than thirty days of his intention to repay in advance of the due date, stating the amounts and proposed date of repayment.

c) Each advance partial prepayment shall include one or more installments of principal. Prepayment shall only be permitted when all due payments of interest and principal have been entirely paid.

11. Repayment of Loan Capital

The repayment of loan principal to the Fund from borrowers shall be transferred to the Reserve Fund Account until it reaches a level of at least 10% of the total of the Fund's direct loans and credit guarantees outstanding, and then to the Revolving Fund Account.

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PROJECT AGREEMENT

BETWEEN AID AND

THE COMMISSION GENERAL OF THE PLAN

**AN AGENCY OF THE GOVERNMENT OF
THE KINGDOM OF LAOS**

1. Project/Activity No.

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**PROAG
CONTINUATION
SHEET**

ANNEX III

12. Distribution of Interest Payments and Commission

a) Based on an interest rate of eleven per cent for direct loans plus one per cent for expenses of opening and closing of accounts at the commercial banks, proceeds will be distributed in the following manner:

- $\frac{1}{4}$ % opening fee to the client's commercial bank
- $\frac{3}{4}$ % closing fee to the client's commercial bank
- 2 % for administrative overhead charges for the fund (D.B.L.)
- 9 % for the Reserve Account of the Fund and Revolving Fund Account (per para 11 above)

b) Based on the commission of 3% per annum received on commercial credit guarantees, distribution of commissions received shall be:

- $\frac{1}{2}$ for the Reserve Fund or the Revolving Fund in conformance with paragraph 11 above,
- $\frac{1}{2}$ in payment for overhead expenses of the Development Bank of Laos.

c) Based on the commission of 3% per annum received on loan guarantees, distribution of commissions received shall be the same as in paragraph 12 b) next above.

13. In the case of prepayments of the loan principal, the distribution of the proceeds will be made according to the percentages fixed in paragraph 11.

The reduced amounts of interest receivable in event of prepayment of loan installments will be distributed:

- 2/11 for administrative overhead charges for the Fund (to DBL), and
- 9/11 for the Reserve Account of the Fund and the Revolving Fund Account.

14. All costs, fees, charges, taxes, etc., incurred as a result of granting of credit will be born by the borrower.

15. When loans or guarantees are issued from the resources of the revolving fund account subsequent repayment of principal shall be

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For the Agency for International Development

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PROJECT AGREEMENT

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**AN AGENCY OF THE GOVERNMENT OF
THE KINGDOM OF LAOS**

1. Project/Activity No.

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distributed to the reserve fund or the revolving fund in conformance with paragraph 11 above.

16. Borrowers shall apply the proceeds of the loan in a manner to finance only goods and services supporting the agreed loan project.

17. Upon preparing to undertake a loan guarantee the Special Fund will be required to receive from its funding source 25% of the value of the loan guarantee to be issued. Alternatively loan guarantees financed from the Revolving Fund will require 25% to be set aside from the Revolving Fund. If the loan guarantee is duly approved and instituted, the 25% deposit will be held in suspense in a loan guarantee reserve fund until the guarantee is either revoked or has expired. On expiry of the guarantee the suspense deposit in the loan guarantee reserve fund will be transferred to the Reserve Fund account or the Revolving Fund account in conformance with paragraph 11 above.

18. Loan contracts made between the Development Bank of Laos and the Borrower for loans financed under this Loan Fund, may authorize financing of commodities and services for projects that contribute to the development of industry or agriculture in Laos, but shall not be authorized to finance the purchase of land.

19. Except with the express consent of the Fund which reserves to itself the right to examine in advance the requests presented by the borrower, the latter may not during the duration of the contract:

a) Acquire any share in, make any loan to, or give any guarantee or credit, other than normal trade credits, to any company or person.

b) Sell its undertaking or dispose of any of its leases or (except in the ordinary course of business) part with its other assets.

20. A prospective borrower from the Fund will submit in writing his loan request in conformance with the information requested in the loan application forms furnished by the Development Bank of Laos (DBL). Not more than 10 days after receipt, one copy of each loan request, after passing preliminary screening qualification tests by the DBL, shall be furnished to the donor source if any.

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**PROJECT AGREEMENT
BETWEEN AID AND**

1. Project/Activity No.
439-11-290-074

**PROAG
CONTINUATION
SHEET**

THE COMMISSION GENERAL OF THE PLAN

2. Agreement No. 9074

3. Original or
Revision No. 14

ANNEX III

**AN AGENCY OF THE GOVERNMENT OF
THE KINGDOM OF LAOS**

3. Project/Activity Title
INDUSTRY DEVELOPMENT

Qualifying loan applications shall be reviewed by the Fund Technical Committee, which after study shall recommend to the Fund Management Committee for or against approval of the loan application. Loans in amount of ten million Kip or less may be approved by the Technical Committee.

A meeting of the Technical Committee shall be called not more than 60 days after the loan proposal is received by the Fund to decide upon the proposal. The decision will be based upon a study of the contents of the application itself, on discussions with the applicant, on a visit to the proposed factory site (where this is relevant), and on independent inquiries by the staff of the Fund, and a credit report by a commercial bank. The commercial bank shall be reimbursed for its credit investigation services in accordance with a schedule of fees to be established by the Fund. The Technical Committee will have the Fund's staff prepare an appraisal of the application which will be suited to the individual project under consideration.

21. It shall be the duty of the Technical Committee and the Management Committee of the Fund to consider every application on its economic and financial merits and on its contribution to the stability or development of the economy of Laos.

22. The Technical Committee shall transmit its recommendations to the Management Committee, wherein a simple majority may approve the loan. Applications which are within the competence of the Technical Committee shall also be decided by majority vote.

23. Commitment of funds by the donor will take place after the borrowers application has been approved by the appropriate authority of the Fund and by the donor source or his duly accredited representative to the Fund. The approval or disapproval of a loan proposal by donor shall be given in writing to the Management Committee or the Technical Committee as appropriate in not more than five working days after receipt of the note recommending the loan.

24. Full publicity shall be given to the discussions and decisions taken at official meetings of the Technical Committee. Short resumes of the proceedings of the Fund's committees may be made available to the Press.

25. If any member of the Technical Committee or the Management Committee shall have any personal interest, direct or indirect, in any transaction in which the Fund proposes to engage, he shall disclose such fact to the Management Committee and the interested party shall not vote on the business in question.

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For the Agency for International Development

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**PROJECT AGREEMENT
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THE COMMISSION GENERAL OF THE PLAN

**AN AGENCY OF THE GOVERNMENT OF
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1. Project/Activity No.
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26. After a loan has been issued the borrower shall report on the financial and substantive aspects of the loan project at least semi-annually until equipment has been put in operation. Borrowers of industrial loans exceeding Kip 10,000,000 value shall report monthly to the DBL on financial and substantive aspects of the loan project after project equipment has been put to use.

27. The borrower shall be subject to at least yearly audits by representatives of the Fund. The borrowers shall provide the auditors with access to all financial documents and bookkeeping records. At least one such audit report shall be made yearly on such borrower and a copy of such reports made by the Fund will be transmitted to the donor source.

Representatives of the donor's Controller's Office or Auditor General's Office shall be allowed access to all records and financial documents of the Fund. To carry out these audits, an auditor from the Lao Finance Department will work jointly with the members of the donor's Controller's Office.

28. The enterprise obtaining financial support from the Fund will open an account at the Development Bank of Laos which will act as disbursement agent of the loan. A quarterly report listing all transactions made for the account of each borrower shall be prepared at the end of each period. A copy of the report shall be addressed to the donor source within the first 25 working-days following the period covered by the report.

Annual reports of the Fund shall include income and expenditure account, profit and loss statement and balance sheets.

29. The Management Committee which will meet at the call of its President, will be composed of the following members:

- The President or Vice-President of the Board of Directors of the Development Bank of Laos..... President
- The Director of Donor or his representative..... Member
- The Commissioner of Plan or his representative..... Member
- The Director of Industry or his representative..... Member
- The Director of Agriculture or his representative... Member
- A Representative of the National Chamber of Commerce and Industry..... Member and Secretary

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For the Agency for International Development

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<p>PROJECT AGREEMENT BETWEEN AID AND <u>THE COMMISSION GENERAL OF THE PLAN</u> AN AGENCY OF THE GOVERNMENT OF <u>THE KINGDOM OF LAOS</u></p>	1. Project/Activity No. <u>439-11-290-074</u>	<p>PAGE <u>8</u> OF <u>8</u> PAGES</p>
	2. Agreement No. <u>9074</u>	
	3. Project/Activity Title <u>INDUSTRY DEVELOPMENT</u>	

The Lao Controller and a representative from donor source Controller may also attend meetings as observers.

Other non voting observers whose presence is appropriate to the loan project under review may be invited by the Director General of the DBL.

30. The Technical Committee will be composed of experts in the fields of economics, industry, mechanized farming, agriculture, or other specialties appropriate to the loan project. They will be designated by the Minister of Finance, in his capacity as President of the Board of Directors of the Development Bank of Laos or on the recommendation of the Director of donor and the Director of Industries or the Director of Agriculture in the Ministry of National Economy.

31. The staff of the Fund will be provided by the Development Bank of Laos. They will be charged with the responsibility for the accounts of the Fund as well as for the implementation and supervision of repayments of loans. Payment for the cost of these services is covered by the Bank's receipts as mentioned in paragraph 12 above.

No disbursement shall be made in a country which is not a member of the International Bank for Reconstruction and Development (World Bank) or the Asian Development Bank.

32. The revisions appearing in this Annex III, at the discretion of the Development Bank of Laos, may be applied retroactively in the administration of loans issued under this Fund prior to the date of this Annex.

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PRO AG

PROJECT AGREEMENT
BETWEEN THE DEPARTMENT OF STATE, AGENCY FOR INTERNATIONAL DEVELOPMENT (AID),
AN AGENCY OF THE GOVERNMENT OF THE UNITED STATES OF AMERICA, AND
THE COMMISSION GENERAL OF THE PLAN
AN AGENCY OF THE GOVERNMENT OF THE KINGDOM OF LAOS

The above-named parties hereby mutually agree to carry out a project in accordance with the terms set forth herein and the terms set forth in any annexes attached hereto, as checked below:

PROJECT DESCRIPTION ANNEX A FOREIGN CURRENCY STANDARD PROVISIONS ANNEX
 STANDARD PROVISIONS ANNEX SPECIAL PLAN PROVISIONS ANNEX III

This Project Agreement is further subject to the terms of the following agreement between the two governments, as modified and supplemented:

GENERAL AGREEMENT FOR TECHNICAL COOPERATION DATE _____
 ECONOMIC COOPERATION AGREEMENT DATE **Sept. 9, 1951**
 (other) DATE _____

1. PROJECT/ACTIVITY NO. **439-11-290-074** PAGE 1 OF 3 PAGES

2. AGREEMENT NO. **9074** 3. ORIGINAL OR DEVISION NO. **15**

4. PROJECT/ACTIVITY TITLE
INDUSTRY DEVELOPMENT

5. PROJECT DESCRIPTION AND EXPLANATION
(See Annex A attached)

6. AID APPROPRIATION SYMBOL **72-1131004** 7. AID ALLOTMENT SYMBOL **354-50-439-00-69-43**

8. AID FINANCING	PREVIOUS TOTAL (A)	INCREASE (B)	DECREASE (C)	TOTAL TO DATE (D)
<input checked="" type="checkbox"/> DOLLARS <input checked="" type="checkbox"/> LOCAL CURRENCY				
(a) Total	216,100			216,100
(b) Contract Services PASA	107,200 31,000			107,200 31,000
(c) Commodities	46,900			46,900
(d) Participants	5,800			5,800
(d) Other Costs	25,200			25,200
9. COOPERATING AGENCY FINANCING - DOLLAR EQUIVALENT				
\$1.00 =				
(e) Total	116,000,000			116,000,000
(b) Technical and other Services				
(c) Commodities				
(d) Other Costs				

10. SPECIAL PROVISIONS (Use Additional Continuation Sheets, if Necessary)

See continuation sheets

USAID
 Clearance
 PRO PIC
 ADM. COIN
 AGR. 11
 ADFIN 11
 AD/P 11
 Clearance
 Lao Dev.
 Bank
 Dir. General

11. DATE OF ORIGINAL AGREEMENT **July 24, 1966** 12. DATE OF THIS REVISION **March 18, 1974** 13. ESTIMATED FINAL CONTRIBUTION DATE **July 31, 1974**

14. FOR THE COOPERATING GOVERNMENT OR AGENCY **Sisouk NA CHAMPASAR** 15. FOR THE AGENCY FOR INTERNATIONAL DEVELOPMENT **Charles A. Mann**

Sisouk NA CHAMPASAR **Pane RASSAVONG**
 Ministry of Finance Commissioner Gen. of the Plan
 Director, USAID/Laos

AID 1000-1A (0-70) PRO AG CONTINUATION SHEET ANNEX <u>D</u>	PROJECT AGREEMENT BETWEEN AID AND THE COMMISSION GENERAL OF PLAN	1. Project/Activity No. 439-11-290-074	PAGE <u>2</u> OF <u>3</u> PAGES
		2. Agreement No. 9074	3. <input type="checkbox"/> Original or Revision No. <u>15</u>
	AN AGENCY OF THE GOVERNMENT OF THE KINGDOM OF LAOS	3. Project/Activity Title INDUSTRY DEVELOPMENT	

This Amendment alters the provisions of Project Agreement 9074 revision No. 14, dated June 30, 1972. The referenced agreement provided a Kip fund of 95,000,000 kip to be administered through the Lao Development Bank and allocated as follows:

a) Industry and Mechanized Farming Loan Fund	K60,000,000
b) Swine Production Loan Fund	32,000,000
c) Tire Recapping Plant Loan	3,000,000
Total	K95,000,000

The funds allocated for the Tire Recapping Plant (Khambay Philaphandeth) have been committed for that purpose. This amendment, redefines the purpose and intent of the funds previously earmarked for item (b) above, in that economic conditions have not been conducive to its use for previously intended purposes. Therefore, the Lao Development Bank is authorized to make a loan of 32,000,000 kip to the Agricultural Development Organization, the sum to be used for working capital in the conduct of ADO's business.

OBJECTIVES:

1. To improve ADO's ability to meet seasonal demands for fertilizer, insecticide, and other commodities, thereby assisting and encouraging farmers to increase agriculture production.
2. To enable ADO to take advantage of volume and seasonal cost variations, thereby encouraging agricultural production through cheaper prices to producers for their inputs.
3. To effect a beginning of closer working relationships of mutual benefit between the LDB and ADO in their combined objective of increasing agriculture production.

LOAN TERMS:

The 32,000,000 kip will be loaned by the Lao Development Bank to ADO as required by ADO. This loan will be of a revolving type, that is, ADO can draw down on the loan for any amount up to 32,000,000, kip repay a portion or all of the loan and thereby have the right to additional loans at anytime up to the amount of 32,000,000 Kip. The loan provisions have been modified somewhat, from those contained in the previous PRO-AG with respect to the accrual of interest.

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	DATE: _____

AID 1520-1A (2-70) PRO AG CONTINUATION SHEET ANNEX	PROJECT AGREEMENT BETWEEN AID AND THE COMMISSION GENERAL OF PLAN	1. Project/Activity No. 439-11-290-074	PAGE 3 OF 3 PAGES
		2. Agreement No. 9074	3. <input type="checkbox"/> Original or 15 Revision No.
	AN AGENCY OF THE GOVERNMENT OF THE KINGDOM OF LAOS	3. Project/Activity Title INDUSTRY DEVELOPMENT	

Interest is to be at a rate of 6% simple interest per year ($\frac{1}{2}\%$ per month) payable to the bank on a quarterly basis. Principle payments will be made in accordance with ADO's operational requirements.

Loan Supervision:

The LDB, ADO and USAID reserve the right to call for independent outside audits or conduct their own periodic audits to determine and ensure that loan capital advanced is utilized for the purposes for which it was intended. All such audits shall be at the expense of the initiator.

This revision also extends the Estimated Final Contribution date as indicated. The interest rates and other loan terms authorized by this amendment supersede the rates and terms authorized in the original agreement as they relate to the 32,000,000 kip.

All other terms and conditions remain the same.

For the Cooperating Government or Agency

For the Agency for International Development

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TITLE: _____

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