



**LAO PEOPLE'S DEMOCRATIC REPUBLIC**

Peace Independence Democracy Unity Prosperity

Prime Minister Office  
Environmental Protection Fund

No 8/PMO-EPF  
Vientiane 30 June 2006

**Charter of the  
Lao Environment Protection Fund**

- Referring to the Environment Protection Law, dated 3/4/2005; and
- Referring to the adoption of the EPF Decree, No 146/PM dated 6 June 2005,
- Referring to the Decree on the Appointment of the Environmental Protection Fund Board, No 72/PM, dated 1 November 2005.

There is hereby created the *Charter of the Lao Environment Protection Fund*.

**PART I: Purpose and Role of the  
Charter of the Lao Environment Protection Fund**

Article 1. Purpose of the Charter

The *Charter of the Lao Environment Protection Fund* (henceforth '*Charter*') further defines the rules and procedures governing the organization, management, operation and functions of the Lao Environment Protection Fund (henceforth '*EPF*'), in accordance with the *Decree on the Environment Protection Fund* (henceforth '*Decree*'), and applicable laws of Lao People's Democratic Republic (henceforth '*Lao PDR*').

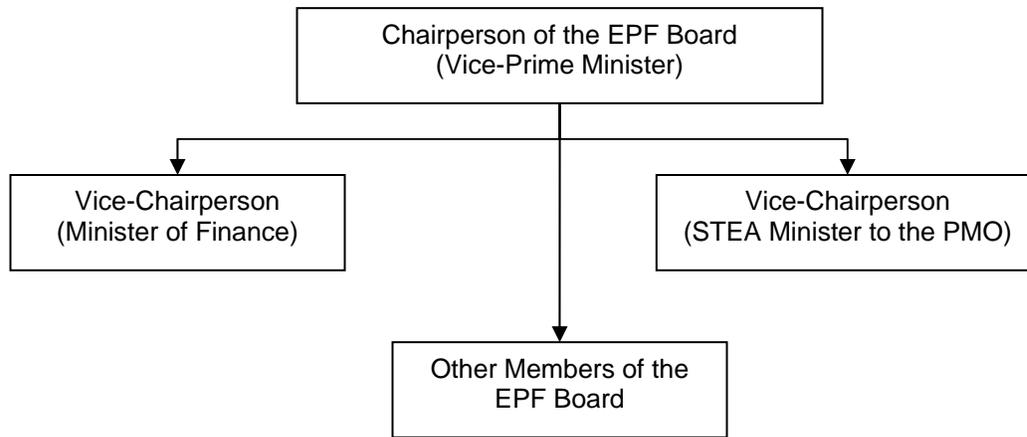
**PART II: Organization and Duties of the EPF Board**

Article 2. Role of the EPF Board

The Board of Directors shall have the overall responsibility of effectively promoting and achieving the purpose of the EPF, including: (i) establishing EPF's policies, strategies and priorities; and (ii) provide guidance to and monitor the Executive Office regarding the effective implementation of its duties and functions in accordance with the provisions of this Decree and the Charter.

Article 3. Organization of Board of the EPF

As defined in the EPF Decree, the Board of the EPF consists of representatives of line-ministries, mass organizations, local authorities, trade and industry council, research institutes or civil society and consists of 1 Chairperson, 2 Vice-Chairpersons and 8 Members.



Article 4. Appointment and Dismissal of the Board Members

- (1) Members of the Board are appointed for a period of 3 years, renewable only once. Any Board vacancies including vacancies resulting from resignation, dismissal, death, or from the member ceasing to reside in Lao PDR or ceasing to be representative of the institution or organization from which he/she had been selected must be filled no later than 60 days following the beginning of the vacancy. The performance of the functions or the exercise of powers of the Board shall not be affected by reason only of there being a vacancy or vacancies in the membership of the Board.
- (2) Any member of the Board may be dismissed under the following circumstances:
  - (a) For consistent failure to participate in meetings of the Board or failure to carry out duties arising from participation on the Board of the EPF;
  - (b) For acting contrary to the objectives of the EPF, or any decision of the Board;
  - (c) For failure to comply with the provisions of Article 5(1);
  - (d) Otherwise, for acts indicating lack of integrity or honesty.

Article 5. Disclosure of interests of members of the Board

- (1) Whenever a member of the Board has a direct or indirect pecuniary or non-pecuniary interest in a matter being considered by the Board, such a member shall immediately disclose the nature and extent of this interest at the meeting of the Board. A disclosure of such interest shall be recorded in the minutes of the meeting of the Board.
- (2) If the Board determines, without the vote of the disclosing member, that such an interest is sufficiently strong to constitute a potential conflict of interests with the interests and objectives of the EPF, the disclosing member shall not be present during any deliberation of the Board with respect to such matter, and shall not take any part in any decision of the Board with respect to that matter.

Article 6. Duties and Rights of the Board

As defined in the EPF Decree, the functions and duties of the Board include the following:

1. Formulate policies and management guidelines for the Executive Office of the EPF to perform the functions of the EPF;
2. Formulate policies pertaining to staff selection and remuneration to ensure the effective operation of the Executive Office;
3. Select, recruit and appoint the Director, and terminate the contract of the Director as appropriate;
4. Direct the Executive Office to prepare and submit for approval by the Board:
  - The EPF Five-Year Strategic Program;
  - The EPF Manuals;
  - The EPF Annual Plans;
  - Quarterly and annual reports on the finances and operations of the EPF;
  - Selection of an asset managing firm or commercial bank to manage the un-disbursed capital of the EPF.
  - Charter of EPF;
  - Rules of Board;
  - Office procedures
1. Establish investment policies and management guidelines for proposing to and prepare a signing contract with the asset-managing firm or commercial bank;
2. Approve or reject funding requests submitted to the EPF, following the appraisal of such requests by the Executive Office and recommendation by the Director. The Board will appropriately delegate decision-making authority to the Director;
3. Mobilize additional contributions to the EPF from all eligible providers of such contributions, in compliance with all laws and regulations of Lao PDR;
4. Where and when appropriate, recommend to the Ministry of Finance the establishment of specialized financing windows consistent with this Decree;
5. Appoint committees for the purpose of undertaking special and specific activities or investigations, with clear limitations in duration;
6. Serve as liaison between the EPF and the Prime Minister's Office, the Ministry of Finance, the National Environment Committee, and relevant line ministries;
7. Otherwise perform all duties necessary to ensure the successful and effective implementation of the purpose and mandate of the EPF.
8. The Board may set and authorize payment of bona fide compensation for attending Board meetings, and reimbursement of expenses incurred in connection with performing duties of Board members. Board member will not receive other remuneration or salary from the EPF for their services as Board members.

Article 7. Rights and Duties of the Boards Chairperson

As defined in the EPF Decree, the main rights and duties of the Board's Chairperson consist of:

1. Ensuring the successful functioning of the EPF and achievement of its purpose. Accordingly, the Chairperson must uphold the rules of the EPF, preside at meetings of the Board, and represent and act on behalf of the EPF in the interval between meetings.
2. Delegating his or her responsibilities to a Vice Chairperson, who for the appointed duration will perform the duties of the Chairperson.
3. Inviting representatives of other organizations, private or public entities to attend Board meetings as observers when appropriate.

Article 8. Rights and Duties of the Vice-Chairpersons

1. Undertake the responsibilities and tasks assigned or delegated by the Chairperson;
2. Support the Chairperson in undertaking the tasks of the EPF Board;
3. Report on the status of the implementation of 5-year strategic EPF plan.
4. Report on the implementation of the EPF activities at the national and local levels.
5. Support the Executive Director in preparing an implementation plan and annual report of EPF
6. If required provide guidance to the EPF Executive Office for the daily implementation of the EPF activities;

Article 9. Rights and Duties of the Vice-Chairperson (Standing Member):

1. Be responsible for the day-to-day activities of the EPF Board;
2. Support the Secretariat to organize and conduct the EPF Board meetings and prepare the Agenda of the semi-annual EPF board meetings.

Article 10. Role and Duties of the Board Members

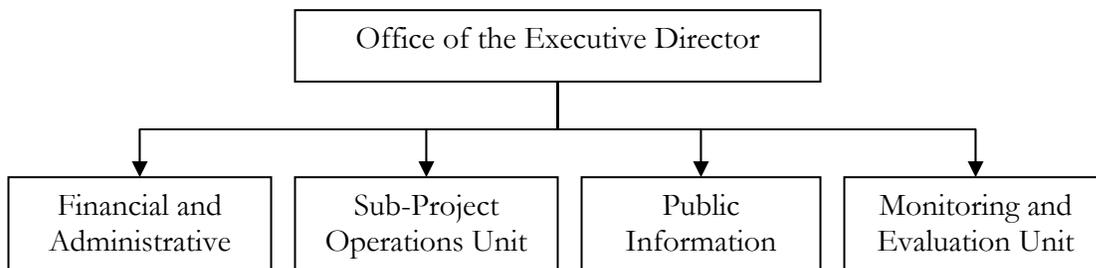
The roles and duties of the EPF Board members include:

1. Promulgation and implementation of the agreements in the EPF Board Meeting in the area of responsibility and report to result to the Chairperson or Vice-chairperson of the Board through EPF Executive Office.
2. Review and comment on the Activity plan, budget, and other issues raised in the Board meetings.
3. Report on the implementation of the Action Plan and Budget in the area of responsibility.
4. Request the Chairperson to conduct the ordinary meeting and extra-ordinary EPF Board meeting and the Chairperson will agree on the time and location, if necessary.

**PART III: Duties and Organization of the EPF Executive Office**

Article 11. Organization of the Executive Office

The Executive Office of the EPF (henceforth ‘Executive Office’) consists of an Executive Director appointed by the Board, a financial and administrative unit, a sub-projects operations unit, a public information unit, and a monitoring and evaluation unit.



Article 12. Location of the EPF Executive Office

The EPF Executive Office will be located in the premises of the Prime Ministers Office. If considered appropriate by the Executive Director with the approval by the Board, the EPF may decide to rent office space outside of the PMO premises.

### Article 13. Functions and Duties of the EPF Executive Office

As defined in the EPF Decree, the functions and duties of the Executive Office include the following:

1. Implement all daily operations, management and administration of the EPF in accordance with this Decree, the provisions contained in the Charter and Manuals;
2. Prepare the Five-Year Strategic Program, Annual Plans and Manuals, rules and other manuals for approval by the Board and their revisions from time to time;
3. Ensure that all money and Contributions that are received are deposited in the EPF bank account according to the purpose of the fund's establishment;
4. Implement procedures and regulations pertaining to procurement, contracting and disbursement process in accordance with the laws and regulations of the Lao PDR and, for Specialized Financing Windows, subject to any agreements with external agencies providing resources to the EPF.
5. Prepare quarterly and annual reports, annual plan of Revenue and Expenditure for submission and approval by the Board; and submit for including in the national budget planning;
6. Keep proper accounts and records of all financial and operational transactions of the EPF;
7. Ensure the effective, transparent, and timely appraisal of funding requests submitted to the EPF;
8. Monitor and ensure the effective implementation of Eligible Activities;
9. Arrange for the accounts and operations of the EPF to be audited at the end of each financial year; and
10. Formulate management and administration procedures, manuals and other operational document of EPF for submission and approval by the Board, including:
  - Open and handling of bank accounts.
  - Investment strategies.
  - Eligible Activities and eligibility criteria including form of Eligible Activity proposal, submission, evaluation and selection.
  - Performance and financial monitoring of Eligible Activities funded by EPF.
  - Procurement and disbursement of Eligible Activities.
  - Quarterly reporting of project selection, disbursement, EPF management activities and financial status.
  - Structure and format of annual reporting requirements.

### Article 14. Rights and Duties of the Director of the EPF Executive Office

As defined in the EPF Decree, the rights and duties of the EPF Executive Office include:

1. The Director is responsible to the Board for the day-to-day management of the EPF in accordance with the general policies, operational guidelines and specific directions of the Board, and the proper execution of the Executive Office's rights and duties.
2. The Director shall be a full time position and shall possess administrative skills and competence in conducting and handling effectively all activities of the EPF. The Director shall be appointed for a period of 3 years, which may be renewed at the discretion of the Board, subject to the effective performance of the Director.
3. The Director shall select, hire, supervise and release such staff as he/she deems necessary to successfully and efficiently administer the EPF.
4. The Director may engage technical consultants and advisers as needed to perform the functions of the EPF as specified in this Decree to enable the Executive Office to perform

its functions efficiently. The Director may, with the consent of a State organization and on such terms as may be mutually agreed, make use of the services of the officers or employees of that State organization.

5. The Director shall attend Board meetings and acts as Secretary to the Board, but shall not be a member of the Board.
6. Perform daily duties, manage and administrate EPF consistent with this Charter, Rules and Administration Manuals of EPF.
7. Carry out other duties consistent with this Degree or as directed by the Board.

#### Article 15. Functions and Duties of the Secretary to the Board

The functions and duties of the Secretary to the Board include the following:

- (a) Prepare and deliver to each member of the Board a written notice of each meeting of the Board, including an agenda of the meeting prepared in consultation with the Chairperson, no later than 15 calendar days prior to the day of the meeting;
- (b) Keep an accurate record of the resolutions and proceedings of each meeting of the Board, together with a record of the names of persons present, and provide copies of such resolutions and proceedings to members of the Board no later than 7 calendar days following the meeting;
- (c) Distribute to the Board quarterly and annual reports prepared by the Executive Office;
- (d) Maintain any correspondence to and from the EPF, and inform the Board of such correspondence as instructed by the Board.

### **PART IV: Administration and Operations of the EPF**

#### Article 16. Establishment of Fiscal and Administrative Operations

- (1) The financial year of the EPF begins on October 1<sup>st</sup> and ends on September 30<sup>th</sup> of the following year.
- (1) The Executive Office shall develop and submit to the Board for approval an *EPF Manual of Operations* which shall specify in details the financial and administrative procedures for operating the EPF. The procedures shall be consistent with recognized accounting and financial practices and standards in Lao PDR and abroad. This manual may be revised from time to time as necessary following a recommendation of the Executive Office, approved by the Board.
- (2) Within 180 calendar days of its establishment, the Executive Office shall implement the internal procedures for the operations of the EPF.

#### Article 17. Revenue and Expenditures

The Executive Office shall prepare a *Annual Plan of Revenue and Expenditure* for its KIP and US dollar accounts or any other foreign currency accounts that the EPF may have. The plan shall comply with the Ministry of Finance budget cycle requirements, and shall also be consistent with the implementation of the *Annual Plan of Action*. After approval by the Board, the plan shall be submitted to the Ministry of Finance for information purposes in accordance with standard government budget cycle procedures.

#### Article 18. Meeting, Quorum, and Decision Making

- (1) There shall be at least one meeting of the Board every six months on a regularly scheduled date and place to be determined by the members of the Board.

- (2) Special meetings of the Board may be called by the Chairperson or any member of the Board through the Chairperson. The Chairperson shall notify the Board members about such special meeting at least 20 calendar days prior to the date of the special meeting, along with the date, time, and place where the meeting will be held, and the purpose for which the meeting is called.
- (3) For purposes of all meetings of the Board, except for meetings where amendments to this *Charter*, and termination of the EPF, at least half of its ordinary Board members shall constitute the quorum. If there is no joint agreement, as secret vote shall be held by the Chairperson and members. In the case of equal votes for and against a resolution the Chairperson should have a casting vote.
- (4) Whenever a member of the Board is temporarily absent from Lao PDR, unable to attend a meeting of the Board, or otherwise unable to perform the duties of a Board member, the said member of the Board must inform the Secretary to the Board of such events and may appoint an alternate member to act in his/her place, provided that the power given to such alternate member is in writing.
- (5) On all matters except for amendments to this *Charter*, and termination of the EPF, decisions of the Board are based on a majority voting rule of the Board members present at the meeting.
- (6) For purposes of bringing amendments to this *Charter*, and termination of the EPF, the quorum shall be constituted of the 11 members of the Board, and decisions be reached by unanimous agreement.
- (7) No decision shall be taken by the Board unless a quorum is present. If within 30 minutes of the time appointed for the meeting a quorum is not present, the meeting shall stand adjourned and shall be automatically held without need for further notice at the same place and time on the following day. The agenda of the adjourned meeting shall be the same as of the original meeting.

#### Article 19. Operational Procedures of the EPF Board

1. The BoD shall work according to the principles of central democracy, collectivism and clear division of responsibilities. The resolutions of the BoD are accepted by the majority of the votes of all members in the meeting.
2. Invitations to the ordinary meeting shall be sent to the members of the BoD at least 30 days before such Ordinary meeting.
3. Documentation for the ordinary meeting shall be received by the members of the BoD not later than 14 days before the date of such ordinary meeting.
4. Proposal by the Members for issues to be taken up on the Agenda for the coming Ordinary meeting shall be submitted to the Standing Secretary at least 20 days before the date of such meeting. The Chairperson shall check, select and decide if such issues shall be part of the Agenda of the coming Ordinary meeting.
5. Extraordinary meetings are decided by the Chairperson if and when it is deemed necessary. Invitations for extra ordinary meetings shall be received 5 days before such extraordinary meetings.
6. Documentation for extraordinary meetings shall be received, normally, not later than 3 days before the date of such extraordinary meetings.
7. The Chairperson may, whenever it is deemed appropriate, for accomplishment of the tasks and functions of the BoD, invite officials of the Government or experts on concerned subjects to the Meeting of the BoD.
8. Each meeting of the BoD shall be recorded in the Minutes of the Meetings. Such Minutes shall be signed first by the Exofficio Standing Secretary and thereafter by the Chairperson or his designate. The Minutes shall be adopted by the following Ordinary Meeting of the BoD and kept available for the Members of the BoD, all the EPF staff, and the general public.

#### Article 20. Annual Plan of Action

- (1) The *Annual Plan of Action* shall be prepared so as to give clear direction, focus and priority to the annual allocation of the resources of the EPF, in accordance with the *Five-Year Strategic Program*.
- (2) The Board shall approve the *Annual Plan of Action* before the start of the following fiscal year.

#### Article 21. EPF Funding Cycle

The Executive Office shall set up a funding cycle which allows for the efficient operation of the EPF. With the approval of the Board, the cycle may be revised from time to time, if appropriate for the effective implementation of the mandate and activities of the EPF.

### **PART V: Administration and Management of Budget**

#### Article 22. Investment Guidelines and Asset Management

- (1) The Board shall select an asset manager according to standard Government Procurement regulations. The Board shall select and enter into a contract with a professional asset managing firm or commercial bank of well recognized standing, reputation, and competence to assist in managing and investing the un-disbursed capital of the EPF with the investment guidelines developed by the Board. Appointment shall be reviewed every 3-5 years.
- (2) The Board shall develop investment guidelines to achieve the goals of minimizing risk to the EPF capital while ensuring the sustainable administration and operation of the EPF.
- (3) Capital that is not expected to be used (per the *Annual Plan of Revenue and Expenditure*) shall be transferred into the account of the EPF with the selected asset managing firm or commercial bank.

#### Article 23. Forms of Financial Support

- (1) The EPF shall support Funded Projects by means of non-refundable grants, preferential loans, and interest rate subsidies or a combination of these, with terms and conditions as described below and further detailed in the *Manual of Operations*.
- (2) The EPF may provide contributions to Specialized Financing Windows by means of grants and loans.

#### Article 24. Non-refundable Grants

- (1) Criteria, characteristics, and submission and appraisal process pertaining to non-refundable grants shall be fully described in the *Manual of Operations*. At a minimum, these must address the following issues:
  - (a) *Project eligibility*. In general, projects eligible to receive non-refundable grants from the EPF are limited to a narrow scope. These must however include projects that aim to raise environmental awareness of enterprises, socio-economic organizations, and citizens through information, education, and training on the environment. Pollution prevention or pollution control projects submitted by commercial or industrial enterprises, state-owned or private enterprises are not eligible to receive non-refundable grants.
  - (b) *Maximum grants*. There shall be a maximum percentage of project costs strictly less than 100% that the EPF may provide as non-refundable grant. In addition, there shall be a maximum on the total amount of financial support that the EPF may disburse as non-

refundable grants in any given fiscal year. Finally, there shall be a maximum amount on the size of each individual non-refundable grant that may receive support from the EPF.

#### Article 25. Preferential Loans and interest subsidies

- (1) Criteria, characteristics, and submission and appraisal process pertaining to preferential loans and interest subsidies shall be fully described in the *Manual of Operations*. At a minimum, these must address the following issues:
  - (a) *Project eligibility*. All projects and activities consistent with the objectives of the EPF, its *Five-Year Strategic Program*, and *Annual Plan of Action*, shall be eligible to receive preferential loans or interest subsidies.
  - (b) *Maximum preferential loans*. There shall be a maximum percentage of project costs strictly less than 100% that the EPF may provide as preferential loans or interest subsidies. In addition, there shall be a maximum on the total amount of financial support that the EPF may disburse as preferential loans in any given fiscal year. Finally, there shall be a maximum amount of the size of each individual project that may receive financial support of this nature from the EPF.
  - (c) *Interest rate and management fee*. The rule governing the setting of interest rate on preferential loans shall be set in such a manner that it allows the interest rate on preferential loans to fluctuate with prevailing interest rate used by commercial banks in Lao PDR for industrial investment projects at the time of project approval. To this interest rate will be added a management fee payable to the EPF.
  - (d) *Loan term*. The loan term should reflect the payment capability of the borrower. However, it shall not exceed a period of 5 years, including one year grace period.

#### Article 26. General Submission Procedure

- (1) All proposals submitted to the EPF shall use standard EPF Application Forms and shall follow standard EPF application procedures. Detailed standardized forms and application procedures are described and presented in the *Manual of Operations*.
- (2) The Executive Office may require applicants to pay a non-refundable application fee. The fee structure may be pro-rated to the applicant's relative ability to pay, and the amount of financial support requested. The structure of the application fee shall be specified in the *Manual of Operations*.

#### Article 27. Evaluation of Proposals

- (1) The Executive Office shall develop objective and transparent criteria for evaluating proposals submitted to the EPF. All decisions to award financial support shall be made solely on these criteria. The criteria shall be described and presented in the *Manual of Operations*. These criteria may be revised from time to time following a recommendation of the Executive Director, approved by the Board.
- (2) The Executive Office shall evaluate each proposal in a fair, consistent, transparent, and timely manner to ensure that the EPF meets its objectives. The Executive Office may seek the advice of technical consultants and knowledgeable officials in government and non-government agencies for advice in evaluating proposals submitted to the EPF.

#### Article 28. Sub-Project Selection

- (1) Sub-Projects that have been appraised by the Executive Office shall be submitted to the Board for approval or rejection at its Bi-Annual meeting.

- (2) The Board may give the Executive Director of the Executive Office all or some authority to approve or reject appraised funding requests.

#### Article 29. Project Monitoring

- (1) The Executive Office shall develop an information system to monitor the financial and technical implementation of all EPF-funded projects and activities. At a minimum, the monitoring procedures shall require every recipient of EPF financial support to account for its funding in accordance with generally accepted accounting procedures. Recipients shall be required to submit an initial work plan, quarterly and annual financial statements and progress reports, and a project completion report. Where appropriate, the project completion report must contain an assessment of the impact of the project on the environment and natural resources. All above procedures shall be specified in the EPF *Manual of Operations*.
- (2) At its discretion, the Executive Office may conduct field inspections and budget audits of EPF-supported Sub-Projects and activities. The Executive Office may hire third-party technical consultants and auditors from the State Auditing Agency or licensed Auditing Firm to assist in such monitoring activities.

### **PART VI: Specialized Financing Windows**

#### Article 30. Establishment of Specialized Financing Windows

- (1) Any moneys that domestic and international entities may donate or lend for the purposes of supporting priority projects and activities in the fields of environmental protection, natural resource management, and biodiversity conservation shall be deposited directly in the EPF bank account, or in accounts of specialized financing windows, per requirement of the granting or lending entity and the Director of the EPF Executive Office in accordance with Article 17, point 4, of the EPF Decree stating that “*The creation of other funds for environmental protection, natural resources, and/or biodiversity conservation separate from the EPF is not permitted. Such funds shall be established only as Specialized Financing Windows under the umbrella of the EPF.*”
- (2) A proposal to establish a specialized financing window must be accompanied by at least the following statement and documentation:
  - (a) A detailed statement of the objective and purposes of the proposed specialized window, and a demonstration that its establishment will support the general purpose and mandate of the EPF.
  - (b) A detailed description of:
    1. The source(s) of funding of the specialized financing window. For the EPF to consider the establishment of a specialized financing window, the initial capital contribution must amount to at least KIP 500million or its equivalent in a foreign currency;
    2. The nature of projects and activities eligible to receive financial support;
    3. The nature of eligible recipients of financial support;
    4. The nature of the disbursement mechanisms;
    5. The management structure;
    6. The monitoring, auditing, and reporting mechanisms.

- (3) Each specialized financing window will establish and apply project eligibility, recipient eligibility, and disbursements rules and mechanisms which best allow the effective implementation of its purpose and mandate.
- (4) If conditions attached to the proposed specialized financing window are inconsistent with Lao PDR laws and regulations, or inconsistent with the EPF rules and regulations at the time of submission of the proposal or during implementation, the Board shall refuse to establish or cancel the proposed or existing specialized financing window.

#### Article 31. Organization of Specialized Financing Windows

Each Specialized Financing Window shall have a management organization that is appropriate and effective to carry-out its operations and administration at minimal cost.

#### Article 32. Specialized Financing Window Managed by the Executive Office

- (1) Where appropriate, the Executive Office may undertake the administration, management, and implementation of all activities of a specialized financing window, following an agreement between the provider of capital and the Board. In such instances, the EPF may recover from the provider of capital any incremental cost associated with the management and implementation of the specialized financing window.
- (2) In instances where the effective implementation of the activities of the specialized financing window requires a specific implementation unit unique to the window, the costs of operating and managing this unit shall be supported by the provider of the financial contribution.

#### Article 33. Specialized Financing Window with its Own Management Structure

- (1) Where appropriate, a specialized financing window may have its own management structure. The specialized financing window shall then be responsible for funding all of its operations, management, internal accounting and reporting, and carrying out all other appropriate financial and administration activities. Where appropriate and effective, specific operational and management activities of the specialized financing window may be cost-shared with the EPF or other specialized financing windows, as described in the EPF Decree and Operations Manual of the EPF.
- (2) Such specialized financing windows shall submit to the Executive Office at a minimum the following documents:
  - (a) An annual plan of activities;
  - (b) An annual revenue and expenditure plan;
  - (c) Quarterly and annual financial and operational reports.
- (3) Such specialized financing windows shall be subject to similar auditing requirements as described in the EPF Decree and Manual of Operations, and public information requirements following an agreement with the provider of capital.

#### Article 34. Termination of Specialized Financing Windows

- (1) Any specialized financing window may terminate its activities and be dissolved if it has completed its purpose, or if it has insufficient assets to continue its required administration and operational tasks. A request for termination shall be approved by the Ministry of Finance, following a recommendation from the Board.
- (2) Prior to termination, the specialized financing window shall satisfy all obligations to projects and activities that it has funded, pay outstanding balances on loans or other debts, including any loans that it may have with the EPF, and otherwise wind up its affairs.

## **PART VII: Auditing and Reporting**

### Article 35. Auditing

- (1) An audit on the finances and accounting of the EPF will be carried out each year. The audit shall include a review of all EPF bank accounts, a review of the internal accounting and operations of the specialized financing windows administered by the Executive Office, a review of the investment activities undertaken by the asset manager of the EPF, and such other financial and administration practices as the auditor believes are warranted.
- (2) The Audit must comply with Lao PDR and international auditing standards, and will follow the EPF guidelines and requirements as detailed in the Operations Manual. The EPF Executive Office is responsible for formulating the TOR and contracting the Auditing firm.
- (3) The Audit will be carried out in October.

### Article 36. Reporting

The EPF Executive Office must prepare quarterly financial and activity reports to be submitted to the EPF Board for approval. The approved reports will be submitted to the Government and Donors/contributors of the EPF.

### Article 37. Public Information

- (1) The Executive Office shall hold an annual stakeholders meeting to inform all stakeholders about the activities of the EPF. National stakeholders as well as representatives of international development assistance agencies must be invited to attend the annual stakeholders meeting.
- (2) The EPF shall maintain an up-to-date official website in both Lao and English languages where the activities of the EPF are publicly disclosed. In particular, the website shall provide a detailed summary and description of all projects and activities that have received funding from the EPF, and the audited annual financial reports.
- (3) At least once per year, the Executive Office shall publicly report a list of all projects and activities that have received EPF financial support. This report should be made available in the press media, the electronic media (radio and television), and in the Environment Newsletter of the Science, Technology and Environment Agency.
- (4) The Executive Office shall provide free of charge a copy of the annual auditor's report to any individuals, organizations, and agencies, both domestic and international, that request the report. The Executive Office shall also provide free of charge two copies of the annual audited report to every provincial governor's offices, two copies to every provincial STEA offices, and one copy to every individuals and entities that have received financial support from EPF during the fiscal year covered by the report.

## **PART VIII: Rewards and Sanctions**

### Article 38. Rewards and Sanctions

- (1) The EPF has the responsibility to consider appropriate rewards to those who have high achievement in environmental management and protection, and find budget to EPF and specialized financing windows on natural resources and environment protection, provide alternatives living condition and occupation to local communities with concerned to environment protection. The EPF also has the responsibility to sanction those who not comply with this Charter.

- (2) The Executive Office may elect to have recourse to legal action against recipients of EPF financial support who default on or misuse the financial support that they receive from the EPF.

## **PART IX: Final Provisions**

### Article 39. Implementation of this Charter

- (1) Ministries, STEA, and local authorities concerned in the implementation of this Charter will effectively according to their duties and responsibilities.
- (2) If required or considered appropriate, the EPF Executive Office may propose improvements to the Charter, to be submitted to the EPF Board for approval.

### Article 40. Effectiveness

This Charter becomes effective on the date of signing.

Vice- Prime Minister  
Chairperson of the Board