We refer to the Financing Agreement (the “Financing Agreement”) between Nepal (the “Recipient”) and the International Development Association (the “Association”) dated November 24, 2014, as amended, for the Kabeli-A Hydroelectric Project (the “Project”).

We also refer to: (i) the letter from your office dated September 2, 2019 (reference number IECCD/MoEWRI/WB/2076.77), requesting reallocation of proceeds of IDA Grant No. H900-NP; and (ii) recent discussions between the Recipient and the Association and the decision reached to restructure the Project.

Accordingly, the Financing Agreement is hereby amended as follows:

1. Article 3.01 is hereby amended in its entirety to read as follows:

   “3.01 The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall: (i) cause KEL to carry out Part 1 of the Project; and (ii) carry out Part 2 of the Project through MOEWRI, Part 3 of the Project through IBN, and Part 4 of the Project through WECS, all in accordance with the provisions of Article IV of the General Conditions and the Project Agreement.”

2. A new Part 4 is added to Schedule 1 (Project Description) to read as follows:

   “Part 4: Technical Assistance and Capacity Building for WECS

   (a) Provision of technical assistance to WECS to enable it to: (i) implement integrated water resource planning and management to guide sustainable hydropower development in selected river basins, using a basin-wide approach; (ii) conduct a strategic environmental and social assessment to support basin-wide approach for hydropower development planning.

   (b) Carry out Project management activities.”

3. A new paragraph 3 is added to Section I.A. of Schedule 2 (Project Execution) and the revised Section I.A shall read as follows:
Section I. Implementation Arrangements

A. Institutional Arrangements for Parts 2, 3 and 4 of the Project

1. The Recipient: (a) through the Secretary of MOEWRI shall oversee the implementation of Part 2 of the Project; (b) through IBN shall be responsible for implementing Part 3 of the Project; and (c) through WECS shall be responsible for implementing Part 4 of the Project.

2. For purposes of implementing Part 3 of the Project, the Recipient shall designate and maintain throughout the period of implementation of the Project, IBN as the entity responsible for the overall implementation of Part 3 of the Project, which shall be: (i) assisted by competent staff, all with experience and qualification, in numbers and under terms of reference acceptable to the Association; and (ii) provided with financial resources, functions and competences, acceptable to the Association.

3. For purposes of implementing Part 4 of the Project, the Recipient shall maintain at all times during the implementation of the Project, Project implementation structure within WECS, with functions and resources satisfactory to the Association, and with staff in adequate numbers and with qualifications, experience and terms of reference satisfactory to the Association.”

4. Paragraph 3(a), Section I.D of Schedule 2 is amended and replaced in its entirety to read as follows:

“(a) the terms of reference for any consultants’ services in respect of any activity under Parts 2(a), 2(b), 3(a) and 4(a) of the Project shall be satisfactory to the World Bank following its review thereof and, to that end, such terms of reference shall duly incorporate applicable international performance, technical, environmental and social standards equivalent to the World Bank Safeguards Policies then in force, as applied to the advice conveyed through such technical assistance; and”

5. Paragraph 2, Section II.A of Schedule 2 is amended and replaced in its entirety to read as follows:

“2. The Recipient, through MOEWRI, IBN and WECS shall monitor and evaluate the progress of Parts 2, 3 and 4 of the Project, and prepare Project Reports for such Parts of the Project in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators agreed with the Association.”

6. The table in Section IV.A.2 of Schedule 2 is replaced in its entirety with the table set forth in the attachment to this letter of amendment.

7. The definition of the term “Respective Part of the Project” in paragraph 32 of the Appendix is deleted in its entirety and replaced with the following:

“32. ‘Respective Part of the Project’ means, with respect to KEL, Part 1 of the Project and, with respect to the Recipient, Parts 2, 3 and 4 of the Project.”

8. The definition of the term “Training and Workshops” in paragraph 37 of the Appendix is deleted in its entirety and replaced with the following:
“37 ‘Training and Workshops’ means the reasonable costs of training required for the participation of personnel involved in training, workshops and study tours under Parts 2, 3 and 4 of the Project, including travel and subsistence costs for training, workshop and study tour participants, costs associated with securing the services of trainers, rental of training and workshop facilities, preparation and reproductions of training and workshop materials and other costs directly related to training, workshop or study tour preparation and implementation, but excluding fees or consultants.”

9. A new Paragraph 38 in the Appendix is added to read as follows:

“38. ‘WECS’ means the Recipient’s Water and Energy Commission Secretariat, or any successor thereto.”

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

The Association will disclose this letter of amendment and related information in accordance with the Association’s Policy on Access to Information. By entering into this letter of amendment, the Recipient consents to such disclosure.

Please confirm your agreement to the foregoing on behalf of the Recipient by countersigning and dating the corresponding form of confirmation set forth below and returning one fully countersigned original of this letter to us. Upon receipt by the Association of a copy of this letter of amendment duly countersigned by the authorized representative of the Recipient, the above amendment to the Financing Agreement shall become effective as of the date of the countersignature.

Sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION

[Signature]

[Name: Furis H. Haddad-Zervos]
[Title: Country Manager]
[Region: South Asia Region]

AGREED:
NEPAL

By:

[Signature]

[Name: Shreeliniha Nepal]
[Title: Joint Secretary]
[Date: 11/11/2019]
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in SDR)</th>
<th>Amount of the Grant Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
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<tr>
<td>(1) Part 1 of the Project: Goods, works, non-consulting services, and consultants' services</td>
<td>26,100,000</td>
<td></td>
<td>100%</td>
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<tr>
<td>(2) Part 2 of the Project: consultants’ services, goods, Training and Workshops and Incremental Operating Costs</td>
<td></td>
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<td>100%</td>
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<tr>
<td>(3) Part 3 of the Project: consultants’ services, goods, Training and Workshops and Incremental Operating Costs</td>
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<td>100%</td>
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<tr>
<td>(4) Part 4 of the Project: consultants’ services, goods, Training and Workshops and Incremental Operating Costs</td>
<td></td>
<td>1,333,500</td>
<td>100% on or after November 1, 2018</td>
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<tr>
<td>TOTAL AMOUNT</td>
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<td>4,000,000</td>
<td></td>
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