

29 April 2019

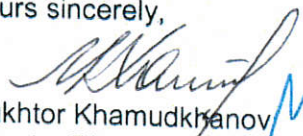
Mr. Rajan Khanal  
Secretary  
Ministry of Finance  
Nepal

Dear Mr. Khanal:

**Subject: Loan 3711-NEP: Urban Water Supply and Sanitation (Sector) Project  
—Amendment to Loan Agreement**

1. We refer to the Loan Agreement dated 26 November 2018 between Nepal ("Borrower") and Asian Development Bank ("ADB") for the captioned project ("Loan Agreement"). All capitalized terms used but not defined herein shall have the meaning given thereto in the Loan Agreement, unless the context requires otherwise.
2. ADB approved, on 11 April 2019, the changes in the Project concerning project implementation, specifically, the disbursement arrangements. To give effect to the change(s), ADB proposes that the Loan Agreement be amended as set out in the attachment hereto.
3. Save and except to the extent set out in the attachment hereto, the Loan Agreement remains unchanged.
4. Pursuant to ADB's Access to Information Policy (2018) ("AIP"), the amendments to the Loan Agreement will be posted on ADB's website within 2 weeks from the date that the amendments become effective, after removing any information that falls within the AIP exceptions as specified by the Borrower.
5. Please indicate the Borrower's concurrence to the amendments set out in the attachment hereto and to the terms of this letter agreement by countersigning each of the two original of this letter agreement in the space indicated below. Please retain one signed original of this letter agreement for your records and return the other to ADB. The proposed amendments shall take effect on the date of receipt by ADB of a signed original of this letter agreement.

Yours sincerely,

  
Mukhtor Khamudkhanov  
Country Director  
Nepal Resident Mission

- A. Accepted and agreed.
- B. Confirmed that the amendments to the Loan Agreement do not contain information falling within the AIP exceptions.

For and on behalf of  
NEPAL



Rajan Khanal  
Secretary, Ministry of Finance  
Date:

- cc:
- Mr. Deependra N. Sharma, Secretary, Ministry of Water Supply
  - Mr. Shreekrisha Nepal, Joint Secretary and Chief IECCD, Ministry of Finance
  - Mr. Tej Raj Bhatt, Joint Secretary, Ministry of Water Supply
  - Mr. Sunil K. Das, Director General, Department of Water Supply and Sewerage Management
  - Mr. Bidya Nath Bhattarai, Project Director, Urban Water Supply and Sanitation (Sector) Project;  
Department of Water Supply and Sewerage Management
  - Mr. Maniram Singh Mahat, Executive Director, Town Development Fund
  - Mr. Khim B. Kunwar, Under Secretary, Ministry of Finance
  - Mr. Dil B. Chhetry, Under Secretary, Ministry of Finance
  - Mr. Hun Kim, Director General, South Asia Department, ADB
  - Mr. Atsushi Kaneko, Officer-in-Charge, SAUW, ADB
  - Ms. Gozde Kayacik, Counsel, Office of the General Counsel, ADB

**Loan 3711-NEP: Urban Water Supply and Sanitation (Sector) Project**

**Amendments to Loan Agreement**

1. Schedule 3, Article 8 shall be deleted.
2. Schedule 4 on Execution of Project; Financial Matters  
A new paragraph shall be inserted to include and seek the requirements for subproject selection criteria. Such paragraph shall read as follows:

**"Subproject Criteria**

32. To be eligible for funding under the Project, each Subproject shall meet the following criteria: (a) a relevant WUA is constituted as a legal entity with WUSC authorized to act on its behalf; (b) a legally binding and operative Management Agreement and Subproject Financing Agreement have been executed by the applicable WUSC or Project Municipality, on terms and conditions acceptable to ADB; and (c) the relevant WUSC or Project Municipality has taken all necessary steps to (i) acquire the required land, rights in land and water, and rights-of-way to carry out expeditious implementation of the Subproject; and (ii) obtain all required permits in connection therewith."