TO: The President, International Development Association

Recommendation of the Committee under Section 1 (d) of Article V of the Articles of Agreement on the proposed Second Additional Financing for Water Sector Improvement Project - In Support of the Second Phase of the Water Sector Improvement Program - to Kingdom of Lesotho

The undersigned Committee constituted under Section 1 (d) of Article V of the Articles of Agreement of International Development Association (the Association) hereby submits its recommendation pursuant to said Section in respect of the proposal that the Association grant to Kingdom of Lesotho an additional grant in the amount of SDR 4,120,000 and an additional credit in the amount of SDR 5,840,000. The purpose of said grant and credit is to provide additional funds to supplement the financial assistance furnished by the Association under the Original Financing Agreement (Credit Number 4574-LS and Grant Number H475-LS) and first Additional Financing Agreement (Grant Number H738-LS) between Kingdom of Lesotho and the Association for the Water Sector Improvement Project, the objectives of which are: (i) developing and sustaining an environmentally sound, socially responsible, and financially viable framework for the Metolong Dam and Water Supply Program; (ii) increasing the quantity of safe, bulk water supplied to Teyateyaneng; (iii) strengthening institutions and related instruments in the water sector; and (iv) advancing strategic infrastructure investments.

1. The Committee has carefully studied the merits of the proposal to grant such an additional financing, and of the purpose to which the proceeds of the additional financing are to be applied.

2. The Committee is of the opinion that the project in support of which the proceeds of such additional financing are to be applied continues to come within the purposes of the Association as set forth in Article I of said Articles of Agreement, and that said project is designed to promote the economic development of Kingdom of Lesotho and is of high developmental priority in the light of the needs of Kingdom of Lesotho.

3. Accordingly, the Committee finds that said project continues to merit financial assistance from the Association, and hereby recommends said project for such additional assistance.
COMMITTEE

[Signatures]

Senior Vice President and Group General Counsel

Nominee selected by Governor for the Kingdom of Lesotho

Regional Vice President Africa Region

Dated at Washington, D.C.
May 16, 2014