The World Bank  
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street N.W.  
Washington, D.C. 20433  
U.S.A.  
(202) 477-1234  
Cable Address: INTBAFRAD  
Cable Address: INDEVAS

Honorable Lyonpo Namgay Dorji  
Minister of Finance  
Ministry of Finance  
Royal Government of Bhutan  
Tashichhodzong  
Thimphu, Kingdom of Bhutan

May 19, 2014

Re: Financing Agreement Number 4744-BT  
(Second Urban Development Project)  
Amendment to the Financing Agreement

Please refer to the Financing Agreement between the Kingdom of Bhutan ("Recipient") and the International Development Association ("Association") ("Financing Agreement"), dated July 13, 2010 with respect to the above referenced Project. Terms not otherwise defined herein shall have the meanings assigned to them in the Financing Agreement.

We are pleased to inform you that pursuant to our discussions on the subject, the Association agrees to amend the Financing Agreement to modify the Project Development Objective, extend the Closing Date and revised the Project’s performance indicators so as to align them with the Additional Financing processed for the Project.

Consequently, the Financing Agreement is hereby amended as follows:

1. Schedule 1. Project Description, the first paragraph is hereby amended and replaced to read in its entirety as follows:

"The objectives of the Project are: (a) to strengthen the municipal finance and management systems in selected Thromdes; (b) to improve infrastructure services in Thimphu; and (c) to support implementation of the urbanization policies under the Recipient’s Eleventh Five Year Plan”

2. Schedule 2. Section II.A.1. is here by amended and replaced to read in its entirety as follows:

"The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators agreed with the Association. Each Project Report shall cover a period of two (2) calendar quarters in line with semi-annual supervision missions conducted by the Association, and shall be furnished to the Association not later than two (2) months after the end of the period covered by such report.”

3. Schedule 2. Section IV.B.2 is hereby amended and replaced to read in its entirety as follows:

“2. The Closing Date is June 30, 2019”
Please confirm your agreement with the foregoing amendment by signing and dating this letter in the spaces provided below. This amendment letter shall be executed in two counterparts each of which shall be an original.

Upon confirmation, please return one fully executed original to us. The provisions set forth in this amendment letter shall become effective as of the date of countersignature upon receipt by the Association of one fully executed original of this amendment letter.

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

Authorized Representative

AGREED:

KINGDOM OF BHUTAN

By:

Authorized Representative

Name: Lyanpo Namgyel Dorji
Title: Finance Minister
Date: May 19, 2014