Dear Sirs,

Re: NEPAL: IFAD Grant No. DSF-8014-NP; Supplementary Grant No. 2000000459 (Poverty Alleviation Fund Project II) Amendment to the Letter of Appointment between IFAD and IDA

1. We refer to the Project Grant Agreement dated 8 May 2008 between Nepal (the Recipient) and the International Fund for Agricultural Development (the Fund) for the execution of the Project in reference.

2. We also refer to the Letter of Appointment dated 2 July 2008, whereby the International Development Association (the Association) accepts to act as the Cooperating Institution of the Fund to administer the Grant and supervise the Project in accordance with the Project Grant Agreement.

3. We are pleased to inform you that the Fund agreed an amendment to the Project Grant Agreement on 12 May 2014 and 18 March 2016, which, inter alia, provided a Supplementary Grant to the Recipient for the execution of the Project and extended the Project Completion Date to 31 December 2018.

4. In order to facilitate the additional services by the Association for the administration of the Supplementary Grant and supervision of the Project, the following amendments to the Letter of Appointment are proposed:

   (a) The subject line shall be amended to read as follows:

   "Re: NEPAL: IFAD Grant No. DSF-8014-NP and Supplementary Grant No. 2000000459 (Poverty Alleviation Fund Project II)"

(b) Paragraph 2 shall be amended to read as follows:

   "2. I also refer to the Poverty Alleviation Fund Project II (the "Project") which is to be partly financed by an initial grant (the "Initial Grant") and by a supplementary grant (the "Supplementary Grant") (collectively, the "Grant") under an Agreement between Nepal (the "Recipient") and the Fund (8 May 2008) (the "Project Grant Agreement"), as amended on 12 May 2014 and 18 March 2016. Copies of the Project Grant Agreement and amendment letters have been furnished to you under separate cover."
(c) Sub-paragraph 5(a) shall be amended to read as follows:

"(a) the Fund shall promptly inform the Association about the progress made towards the signing and effectiveness of the Project Grant Agreement and shall notify the Association when the Project Grant Agreement enters into force and effect, including the list of authorized signatories of the Recipient to withdraw proceeds out of the Project Grant Agreement;"

(d) Sub-paragraph 5(c) shall be amended to read as follows:

"(c) the Fund shall promptly inform the Association of: (a) any amendment(s) to the Project Grant Agreement; (b) any suspension or cancellation of any amount of the Project Grant Agreement; (c) any refund of withdrawals used to finance ineligible expenditures under the Project Grant Agreement;"

(e) Paragraphs 6 through 11 shall be renumbered as paragraphs 7 through 12; and

(f) A new paragraph (6) shall be added to read as follows:

"6. (a) The Fund shall pay to the Association an annual amount of thirty thousand United States Dollars (US$ 30,000) for each year of Project implementation up to the Grant Closing Date (as defined in the General Conditions) for the recovery of the costs incurred by the Association commencing on 1 April 2016 for the services provided to the Fund in its role as the Cooperating Institution, as described in this Letter of Appointment and in accordance with the following payment schedule:

1. US$ 7,500: promptly following countersignature, for the period 1 April 2016 to 30 June 2016;
2. US$ 30,000: on 1 July 2016 (for the period 1 July 2016 to 30 June 2017);
3. US$ 30,000: on 1 July 2017 (for the period 1 July 2017 to 30 June 2018); and
4. US$ 30,000: on 1 July 2018 (for the period 1 July 2018 to 30 June 2019).

(b) In the event that the Grant Closing Date of 30 June 2019 is extended, the Fund shall pay the Association a monthly amount of two thousand five hundred US dollars (US$2,500) for each additional month beyond this date. In the event of termination of this Cooperation Agreement prior to the end of any of the aforementioned periods, appropriate arrangements shall be made for the repayment to the Fund of the amount paid to the Association, and calculated on the same monthly rate.

(c) All payments to the Association hereunder shall be made in full when due, upon submission of an invoice by the Association. Payment shall be made, in United States Dollars, in immediately available funds, without any deductions whatsoever for taxes, duties, charges or other withholdings, and notwithstanding any pending dispute between the Fund and the Association,
to such account as the Association may from time to time designate in writing.”

5. Except as expressly modified hereby, the Letter of Appointment remains unmodified and in full force and effect.

6. The Fund hereby consents to the disclosure by the Association of the Letter of Appointment, this letter of amendment, and related information in accordance with the Association’s Policy on Access to Information.

7. If this proposal is acceptable to you, we have the honour to request that you countersign the two (2) copies of this letter and return one (1) copy to the Fund, thereby constituting a formal agreement between the Association and the Fund. Upon receipt by the Fund of the original of this letter countersigned by you, this letter of amendment shall become effective as of 1 April 2016.

Yours sincerely,

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

Hoonae Kim
Director
Asia and the Pacific Division
Programme Management Department

CONFIRMED:

INTERNATIONAL DEVELOPMENT ASSOCIATION

Name: Takaaki Kamata
Authorized Representative

Title: Country Manager

Date: May 3, 2016