Mr. Sishir Kumar Dhungana  
Secretary  
Ministry of Finance  
Government of Nepal  
Singha Durbar, Kathmandu  

Dear Mr. Dhungana:

Re: Youth Employment Transformation Initiative Project  
(Credit No. 6487-NP)  
Amendment to the Financing Agreement  

We refer to the Financing Agreement ("Agreement") between Nepal ("Recipient") and the International Development Association ("Association"), dated November 27, 2019 for the above-referenced Project ("Project"). We also refer to the letter from the Ministry of Finance dated April 6, 2020 requesting a restructuring of the Project, which requires certain amendments to the Agreement.

We are pleased to inform you that, after due consideration, the Association accedes to the request and hereby proposes to amend the Agreement as follows:

1. A new Part 4 is added in Schedule I to read as follows:

"Part 4: Contingent Emergency Response  
Provision of immediate response to an Eligible Crisis or Emergency, as needed."

2. A new Section I.D is added in Schedule 2 to read as follows:

"D. Contingent Emergency Response  
1. In order to ensure the proper implementation of contingent emergency response activities under Part 4 of the Project ("Emergency Response Part"), the Recipient shall ensure that:

(a) an Emergency Response Manual ("ERM") is prepared and furnished to the Association for its review and no-objection, which shall set forth detailed implementation arrangements for the Emergency Response Part, including: (i) any special institutional arrangements for coordinating and implementing the Emergency Response Part; (ii) specific activities which may be included in the Emergency Response Part, Eligible Expenditures required therefor ("Emergency Expenditures"), and any procedures for such inclusion; (iii) financial management arrangements for the Emergency Response Part; (iv) procurement methods and procedures for Emergency Response Part; (v) documentation required for withdrawals of Emergency Expenditures; (vi) application of the relevant safeguard instruments to the Emergency Response Part; and (vii) any other arrangements necessary to ensure proper coordination and implementation of the Emergency Response Part;

(b) the Association is afforded a reasonable opportunity to review the proposed ERM;

(c) the ERM for the Emergency Response Part is promptly adopted as shall have been accepted by the Association;
the Emergency Response Part is carried out in accordance with the ERM, provided, however, that in the event of any inconsistency between the provisions of the ERM and this Agreement, the provisions of this Agreement shall prevail; and

the ERM is not amended, suspended, abrogated, repealed or waived without prior written no-objection by the Association.

2. The Recipient shall ensure that no activities are undertaken under the Emergency Response Part, unless and until the following conditions have been met in respect of said activities:

(a) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include said activities in the Emergency Response Part in order to respond to said Eligible Crisis or Emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof; and

(b) all safeguard instruments as may be required for said activities have been prepared and disclosed in accordance with the ERM, the Recipient has approved all such instruments, as shall have been accepted by the Association, and has ensured the implementation of any actions which are required to be taken under said instruments.”

3. The table in Section III.A of Schedule 2 is revised to read as set forth in the Attachment to this Letter.

4. New sub-paragraph (c) is added in paragraph 1 of Section III.B of Schedule 2 to read as follows:

“(c) for Emergency Expenditures under Category (3), until and unless the Association is satisfied that all of the following conditions have been met in respect of said expenditures:

(i) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include specific activities in the Emergency Response Part in order to respond to said crisis or emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof;

(ii) the Recipient has ensured that all safeguards instruments required for said activities have been prepared and disclosed, and the Recipient has ensured that any actions which are required to be taken under said instruments have been implemented, all in accordance with the provisions of Sections I.D of this Schedule;

(iii) the entities in charge of coordinating and implementing the Emergency Response Part have adequate staff and resources, in accordance with the provisions of Section I.D of this Schedule, for the purposes of said activities; and

(iv) the Recipient has adopted the ERM, in form and substance acceptable to the Association, and the provisions of the ERM remain relevant or have been updated in accordance with the provisions of Section I.D of this Schedule 2 so as to be appropriate for the inclusion and implementation under the Emergency Response Part.”

5. The new definitions for the terms “Eligible Crisis or Emergency”, “Emergency Expenditure”, “Emergency Response Manual” and “Emergency Response Part” have been added to the Appendix as follows:
“Eligible Crisis or Emergency” means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Recipient, associated with a natural or man-made crisis or disaster.

“Emergency Expenditure” means any of the eligible expenditures set forth in the Emergency Response Manual in accordance with the provisions of Section I.D of Schedule 2 to this Agreement and required for the Emergency Response Part.

“Emergency Response Manual” and the acronym “ERM” each means the plan referred to in Section I.D of Schedule 2 to this Agreement, to be adopted for the Emergency Response Part in accordance with the provisions of said Section.

“Emergency Response Part” means activities to be carried out in the event of an Eligible Crisis or Emergency under Part 4 of the Project.

6. 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 World Bank’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 of Amendment to us. The above amendment to the Agreement shall become effective as of the date of countersignature upon receipt by the Association of a copy of this Letter of Amendment duly countersigned by the authorized representative of the Recipient.

Sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION

[Signature]
Paris H. Harada-Cervos
Country Manager

AGREED
NEPAL

By: [Signature]
Name: Sishir Kumar Dhungana
Title: Secretary
Date: 3 June 2020
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, and consulting services, Training and Incremental Operating Costs under Parts 1, 2 and 3 of the Project</td>
<td>12,250,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Transfer to LLs for</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Goods, non-consulting services, consulting services, Training and Incremental Operating Costs of the ESCs under Part 1.1 and Part 2 of the Project</td>
<td>30,250,000</td>
<td>100% of the amounts disbursed</td>
</tr>
<tr>
<td>(b) Payments to Temporary Employment and Temporary Employment Plus beneficiaries under Parts 2.1 and 2.2 of the Project</td>
<td>43,900,000</td>
<td>100% of the amounts disbursed</td>
</tr>
<tr>
<td>(3) Emergency Expenditures under Part 4 of the Project</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>86,400,000</td>
<td></td>
</tr>
</tbody>
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