



Southeast Asia Department
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28 March 2017

Daw Nwe Nwe Win
Director General
Budget Department
Ministry of Planning and Finance
Building No. 26 Nay Pyi Taw
Republic of the Union of Myanmar

Dear Daw Nwe Nwe Win:

**Subject: Loan No. 3316- MYA: Mandalay Urban Services Improvement Project
Amendment to Loan Agreement**

1. We refer to the Loan Agreement dated 9 September 2016 between Republic of the Union of Myanmar ("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. On 29 November 2016, the Board of Directors of ADB approved the option to select a loan liability currency (which will also be the loan repayment currency) that is available under ADB's LIBOR-based lending facility and is a currency in the SDR basket, subject to confirmation of availability of such currency by ADB. This option is available for (a) concessional loans for which formal loan negotiations are completed on or after 1 January 2017; and (b) concessional loans for which formal loan negotiations were completed prior to 1 January 2017 but which are not yet effective up until 30 June 2017.

3. On 4 February 2017, the Borrower formally informed ADB that it will select Dollar (in place of SDR) as the Loan liability currency. To give effect to the Borrower's exercise of the option, ADB proposes that the Loan Agreement be amended as follows:

(a) Section 2.01 shall be deleted and replaced by:

"ADB agrees to lend to the Borrower from ADB's ordinary capital resources an amount of sixty million Dollars (\$60,000,000).

(b) The amortization schedule in Schedule 2 shall be deleted and replaced by the amortization schedule set out in Attachment 1 hereto; and

(c) The allocation and withdrawal of Loan proceeds table in the attachment to Schedule 3 shall be deleted and replaced by the table set out in Attachment 2 hereto.

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4. Relatedly, the Special Operations Loan Regulations (2006), which are incorporated by reference into the Loan Agreement, are amended as follows:

(a) Section 3.01 shall be deleted and replaced by the following:

"Loan Account. The principal amount of the Loan, as denominated in accordance with Section 4.01, shall be credited to the Loan Account and may be withdrawn therefrom in accordance with the provisions of the Loan Agreement and these Regulations.";

(b) Section 4.01 shall be deleted and replaced by the following:

"Denomination of the Loan. The Loan shall be denominated in the particular currency specified in the Loan Agreement.";

(c) Section 4.02 shall be deleted and replaced by the following:

"Currency of Withdrawal. Withdrawals from the Loan Account shall be made in the particular currency specified in the Loan Agreement."; and

(d) Section 4.03 shall be deleted and replaced by the following:

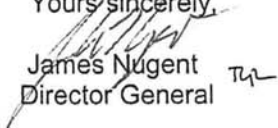
"Currency of Payment of Principal. The principal of the Loan shall be expressed and repayable in the particular currency specified in the Loan Agreement. The Borrower shall repay the amount withdrawn from the Loan Account in accordance with the Loan Agreement."

5. Save and except to the extent set out above, the Loan Agreement remains unchanged.

6. Pursuant to ADB's Public Communications Policy on disclosure and exchange of information, the amendments to the Loan Agreement will be posted on ADB's website within 2 weeks from the date that the amendments become effective.

7. Please indicate the Borrower's concurrence to the amendments set out in paragraphs 3 and 4 of this letter agreement 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,


James Nugent
Director General

SCHEDULE 2
AMORTIZATION SCHEDULE
(Mandalay Urban Services Improvement Project)

<u>Payment Due</u>	<u>Payment of Principal</u> (expressed in USD)
1 May 2024	1,250,000
1 November 2024	1,250,000
1 May 2025	1,250,000
1 November 2025	1,250,000
1 May 2026	1,250,000
1 November 2026	1,250,000
1 May 2027	1,250,000
1 November 2027	1,250,000
1 May 2028	1,250,000
1 November 2028	1,250,000
1 May 2029	1,250,000
1 November 2029	1,250,000
1 May 2030	1,250,000
1 November 2030	1,250,000
1 May 2031	1,250,000
1 November 2031	1,250,000
1 May 2032	1,250,000
1 November 2032	1,250,000
1 May 2033	1,250,000
1 November 2033	1,250,000
1 May 2034	1,250,000
1 November 2034	1,250,000
1 May 2035	1,250,000
1 November 2035	1,250,000
1 May 2036	1,250,000
1 November 2036	1,250,000
1 May 2037	1,250,000
1 November 2037	1,250,000
1 May 2038	1,250,000
1 November 2038	1,250,000
1 May 2039	1,250,000
1 November 2039	1,250,000
1 May 2040	1,250,000
1 November 2040	1,250,000
1 May 2041	1,250,000
1 November 2041	1,250,000
1 May 2042	1,250,000
1 November 2042	1,250,000

1 May 2043	1,250,000
1 November 2043	1,250,000
1 May 2044	1,250,000
1 November 2044	1,250,000
1 May 2045	1,250,000
1 November 2045	1,250,000
1 May 2046	1,250,000
1 November 2046	1,250,000
1 May 2047	1,250,000
1 November 2047	1,250,000
TOTAL	60,000,000

TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Mandalay Urban Services Improvement Project)			
Number	Item	Total Amount Allocated for ADB Financing (\$) Category	Basis for Withdrawal from the Loan Account
1	Works**	29,450,000	100% of total expenditure claimed*
2	PPP Contract**	11,380,000	100% of total expenditure claimed*
3	Equipment**	5,910,000	100% of total expenditure claimed*
4	Vehicles**	740,000	100% of total expenditure claimed*
5	Consulting Services**	2,480,000	100% of total expenditure claimed*
6	Environmental Protection**	240,000	100% of total expenditure claimed
7	Interest Charge	2,250,000	100% of amounts due
8	Unallocated	7,550,000	
	Total	60,000,000	

* Exclusive of taxes and duties imposed within the territory of the Borrower.

** Subject to the condition for withdrawal described in paragraph 6 of Schedule 3.