

**MFF 0079 – IND: South Asia Subregional Economic Cooperation Road Connectivity
Investment Program: Amendment to the Framework Financing Agreement – related to
change in implementation arrangements**

WHEREAS this refers to the Framework Financing Agreement (“FFA”) dated 26 February 2014 for the cited Investment Program between India and the Asian Development Bank (ADB) as amended to date.

WHEREAS upon request of India contained in the Periodic Financing Request #2 (“PFR2”) dated 18 April 2017, and approval of the same by ADB dated 13 August 2018, the FFA is amended as follows (*highlighted and underlined* for easy reference):

1. Execution and Implementation Section, paragraph 2 is amended as follows:

MoRTH will set up a Project Implementation Unit (PIU) in Manipur and West Bengal to implement national highway subprojects. ~~For national highway subprojects in West Bengal, the West Bengal Public Works Department~~ **and the National Highways and Infrastructure Development Corporation Limited (NHIDCL)** ~~was~~ **are** designated as PIU/Implementing Agency **Agencies**. ~~For national highway subprojects in Manipur, MoRTH will be PIU supported by the Manipur Public Works Department.~~ PIUs will be headed by the Project Director, and will be staffed with qualified officials in the field of road engineering, procurement and contract management, environmental management, resettlement, and accounting.

2. Schedule 3, paragraph 2 is amended as follows:

2. MoRTH will set up a Project Implementation Unit in Manipur and West Bengal to implement national highway subprojects. ~~For national highways subprojects in West Bengal, the West Bengal Public Works Department (WBPWD)~~ **and the National Highways and Infrastructure Development Corporation Limited (NHIDCL)** will be PIU/Implementing Agency **Agencies**. ~~For national highway subprojects in Manipur, MoRTH will be PIU supported by the Manipur Public Works Department (MPWD).~~ PIUs will be headed by the Project Director, and will be staffed with qualified officials in the field of road engineering, procurement and contract management, environmental management, resettlement, and accounting.

3. Schedule 1, paragraph 28 and Table 3 (Investment Program) are amended as follows:

28. The investment program is estimated to cost \$761.6 **\$852.30** million, including 5-year performance-based maintenance, taxes and duties, physical and price contingencies, interest and other charges during implementation (Table 3).

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Table 3: Indicative Investment Program (\$ million)

Item	Tranche 1	Tranche 2	Tranche 3	Total
A. Base Cost^a				
1. Road Improvement	367.30	265.7 268.20	106.70	633.0 742.20
2. MPWD Capacity Development and Implementation Support	1.00	0.00	0.00	1.00
3. Five-Year Performance-Based Maintenance	24.10	21.5 16.50	7.00	45.6 47.60
Subtotal (A)	392.40	287.3 284.70	113.70	679.6 790.80
B. Contingencies^b	23.10	43.2 17.00	4.00	66.3 44.10
C. Financing Charges During Implementation^c	9.30	6.3 6.10	2.00	15.6 17.40
Total (A+B+C)	424.80	336.8 307.80	119.70	761.6 852.30

^a In 2013 ~~end of 2016~~ prices, including taxes and duties of about \$88-~~\$87~~ million to be partially financed from ADB loan resources.

^b Physical contingencies computed at 5% for civil works. Price contingencies computed at 4% for foreign currency ~~1.5%~~ on foreign exchange costs and 8% ~~5.5%~~ on local currency costs annually; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

^c Includes interest and commitment charges. Interest during construction for ADB loan(s) has been computed at the 5-year forward London interbank offered rate plus a spread of 0.5% and applicable maturity based premium of 10 basis points. Commitment charges for an ADB loan are 0.15% per year to be charged on the undisbursed loan amount.

Source: Asian Development Bank.

4. Schedule 1, paragraph 29 and Table 4 (Financing Plan) are amended as follows:

29. It is proposed that ADB provides a multitranche financing facility (MFF) of \$500 million equivalent from ordinary capital resources. Gol and the Government of Manipur will finance the remaining local cost of \$264.6 ~~\$352.3~~ million equivalent, or about 34.4% ~~41.3%~~ of the total cost, including 5-year performance-based maintenance, taxes and duties, remuneration of counterpart staff, office accommodation, and other miscellaneous costs (Table 4).

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**Table 4: Indicative Financing Plan of the SASEC Road Connectivity
Investment Program (\$ million)**

Source	Tranche 1	Tranche 2	Tranche 3	Total	Share of Total (%)
Asian Development Bank		200.0			
Ordinary capital resources	300.0	<u>150.00</u>	<u>50.00</u>	500.0	65.6 <u>58.7</u>
Government and Manipur State Government	124.8	436.8	<u>69.70</u>	261.6	
		<u>157.80</u>		<u>352.3</u> ⁶	34.4 <u>41.3</u>
		<u>336.8</u>		<u>761.6</u>	
Total	424.8	307.80	119.70	852.3	100.0

Source: Asian Development Bank.

⁶ Including five-year performance-based maintenance, land acquisition, part of taxes and duties, remuneration of counterpart staff, office accommodation, interest and financing charges during implementation, and other miscellaneous costs.

All capitalized terms used but not defined herein shall have the meaning given thereto in the FFA, unless the context requires otherwise. Save and except to the extent set out above, the FFA remains unchanged.

India confirms that the amendment does not contain any information or data of a sensitive or confidential nature falling under the ADB's Public Communications Policy exceptions.

This amendment shall be effective as of the date of receipt by ADB of this amendment duly signed from India.

For India

Name: 

Designation: समीर कुमार खरे, आई.ए.एस./Sameer Kumar Khare, IAS

संयुक्त सचिव / Joint Secretary
वित्त मंत्रालय / Ministry of Finance
आर्थिक कार्य विभाग / Deptt. of Eco. Affairs
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Date: _____

For ADB

Name: K. Yokoyan

Designation: Country Director

Date: 23 Aug '18