



Government of Nepal
MINISTRY OF FINANCE

(International Economic Cooperation Coordination Division) **SINGHADURBAR**
KATHMANDU, NEPAL

Ref. No. IECCD/ADB/150/073.074 / 3813

26 April 2017

Mr. Sharad Bhandari
Officer-in-Charge
Asian Development Bank
Nepal Resident Mission
Lazimpat, Kathmandu
Nepal

Subject: Loan No. 3139(SF): SASEC Power System Expansion Project- Amendment to Loan Agreement.

Dear Sir,

This refers to your letter dated 3 April 2017 regarding the Loan No. 3139(SF): SASEC Power System Expansion Project- Amendment to Loan Agreement. In this connection, the Government of Nepal has decided to accept the amendment and terms as stated in the letter and a signed copy of your letter has been sent with this letter.

Your cooperation in this regard will be appreciated.

Sincerely yours,

Krishna Prasad Chapagain
Section Officer



Nepal Resident Mission

3 April 2017

Mr. Shanta Raj Subedi
Secretary
Ministry of Finance
Singha Durbar

Secretary (4)
SBB
12/22

Dear Mr. Subedi:

Subject: **Loan No. 3139 (SF): South Asia Subregional Economic Cooperation
Power System Expansion Project
– Amendment to Loan Agreement**

1. We refer to the Loan Agreement dated 11 July 2014 between Nepal ("Borrower") and Asian Development Bank ("ADB"), as amended on 18 July 2016, 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. Following a request from the Borrower dated 16 December 2016, ADB approved, on 24 March 2017, changes in the Project concerning the financing plan. To give effect to the changes, ADB proposes that the Loan Agreement be amended as set out in the attachment hereto.
3. Save and except to the extent set out in attachment hereto, the Loan Agreement remains unchanged.
4. 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 becomes effective, after removing any information that falls within the PCP exceptions as specified by the Borrower.
5. Please indicate the Borrower's concurrence to the amendments set out in the attachments hereto 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,

Sharad Bhandari
Officer-in-Charge

A. Accepted and agreed.

B. Confirmed that the amendments to the Loan Agreement do not contain information falling within the PCP exceptions.



For and on behalf of Nepal

Name: Baikuntha Aryal

Designation: Joint Secretary

Date: 26 April 2017



Attachment

**Loan No. 3139 (SF): South Asia Subregional Economic Cooperation Power System
Expansion Project**

Amendments to Loan Agreement

The Table on Allocation and Withdrawal of Loan Proceeds in the Attachment to Schedule 3 shall be deleted and replaced with the following:

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (South Asia Subregional Economic Cooperation Power System Expansion Project)			
Number	Item	Total Amount Allocated for ADB Financing (ADF) (SDR) Category	Basis for Withdrawal from the Loan Account
1	Turnkey Contract –Marsyangdi-Kathmandu 220 kV Transmission Line (NEA)**	23,015,000	100% of total expenditure claimed*
2	Turnkey Contract – New Butwal-Bardaghat 400 kV Transmission Line (NEA)**	10,023,000	100% of total expenditure claimed*
3	Turnkey Contract – Kali Gandaki 220 kV Transmission Line, Grid Substations, and Distribution Lines (NEA)**	77,212,000	100% of total expenditure claimed*
4	Vehicle	300,000	100% of total expenditure claimed*
5	Credit Line to AEPC***	2,971,000	100% of total expenditure claimed*
6	Interest During Implementation	2,207,000	100% of total amount due
7	Unallocated for NEA	765,000	
	Total	116,493,000	

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

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

***Subject to the condition for withdrawal as described in paragraph 7 of Schedule 3.