



Asian Development Bank

Pakistan Resident Mission

12 January 2016

Mr. Tariq Bajwa
Secretary
Economic Affairs Division
Ministry of Economic Affairs and Statistics
Islamabad

Dear Mr. Bajwa:

**Loan No. 2727-PAK: (Ordinary Operations): Power Distribution Enhancement Investment Program
– Tranche 2 — Amendment to Loan Agreement**

1. We refer to the Loan Agreement dated 28 January 2011 between the Islamic Republic of Pakistan ("Borrower") and Asian Development Bank ("ADB"), as amended by an amendment letter dated 21 January 2013 ("Loan Agreement") for the captioned project ("Loan Agreements"). 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 24 August 2015, ADB approved, a minor change to the Project for the procurement of additional equipment to be financed through the reallocation of the Loan proceeds. To give effect to foregoing changes, ADB proposes that the Loan Agreement be amended as follows:

- (i) Reference to "30 September 2015" in Section 3.05 shall be deleted and replaced with "31 December 2016".
- (ii) Paragraph 2 of Schedule 1 (Description of the Project) of the Loan Agreement shall be amended to read as follows:

"2. The Project shall comprise physical investments in subprojects covering STG expansion, augmentation, extension, conversion and rehabilitation; STG transmission lines; and energy loss reduction through installation of capacitors. The Project shall add approximately 3,714 megavolt-amperes (MVA) of transformer capacity, 387 km of new distribution lines, and improve security of supply to customers by moving toward compliance with regulatory security standards governing planning and operation of the distribution system, and reliability improvements on the lower voltages."

- (iii) Reference to "31 March 2015" in paragraph 3 of Schedule 1 (Description of Project) shall be deleted and replaced with "30 June 2016".
- (iv) The Table set out in the Attachment to Schedule 3 of the Loan Agreement is hereby amended and replaced by the Attachment to this amendment letter.

3. Save and except to the extent set out in this letter agreement, the Loan Agreement remains unchanged.

4. Pursuant to ADB's Public Communications Policy (PCP) 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, after removing any information that falls within the PCP exceptions as specified by the Borrower.

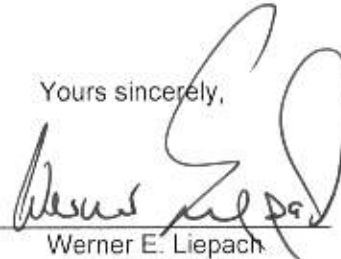
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5. Please indicate the Borrower's concurrence to the amendments set out in this letter agreement, and to the terms of this letter agreement, by countersigning each of the two originals of this letter agreement in the space indicated below. Please retain one fully signed original of this letter agreement for your records and return the other to ADB. The amendments as set out in paragraph 2 of this letter agreement shall take effect on the date of receipt by ADB of a fully signed original of this letter agreement.

Yours sincerely,



Werner E. Liepach
Country Director
Pakistan Resident Mission

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
ISLAMIC REPUBLIC OF PAKISTAN

Name: Tariq Bajwa

Designation: Secretary

Date: Economic Affairs Division
Government of Pakistan
Islamabad

cc: Joint Secretary Development, MoW&P
Managing Director, PEPCO
CEO's / Chief Engineers (Dev), All DISCOs

ZL/rh

Attachment

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Power Distribution Enhancement Investment Program – Tranche 2)				
CATEGORY				ADB FINANCING
Number	Item	Total Amount Allocated for ADB Financing		Percentage and Basis for Withdrawal from the Loan Amount
		Category	Subcategory	
1	FESCO	11,230,000		
1A	Equipment and Materials		11,230,000	100 percent of total expenditure claimed*
2	GEPCO	37,000,000		
2A	Turnkey		30,558,810	100 percent of total expenditure claimed*
2B	Equipment and Materials		6,441,190	100 percent of total expenditure claimed*
3	HESCO	19,350,000		
3A	Turnkey		17,892,809	100 percent of total expenditure claimed*
3B	Equipment and Materials		1,457,191	100 percent of total expenditure claimed*
4	IESCO	18,560,000		
4A	Turnkey		12,786,236	100 percent of total expenditure claimed*
4B	Equipment and Materials		5,773,764	100 percent of total expenditure claimed*
5	LESCO	24,880,000		
5A	Turnkey		13,132,976	100 percent of total expenditure claimed*
5B	Equipment and Materials		11,747,024	100 percent of total expenditure claimed*
6	MEPCO	24,170,000		
6A	Turnkey		10,235,953	100 percent of total expenditure claimed*
6B	Equipment and Materials		13,934,047	100 percent of total expenditure claimed*
7	PESCO	13,270,000		
7A	Turnkey		2,401,636	100 percent of total expenditure claimed*
7B	Equipment and Materials		10,868,364	100 percent of total expenditure claimed*
8	QESCO	12,360,000		
8A	Equipment, Materials and		12,360,000	100 percent of total expenditure

	Vehicles			claimed*
9	Interest and Commitment Charges	11,480,000		100 percent of amount due
	Total	172,300,000		

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