



Asian Development Bank

Central and West Asia Department

21 January 2013

Mr. Javed Iqbal
Secretary
Economic Affairs Division
Ministry of Economic Affairs and Statistics
Islamic Republic of Pakistan

Dear Mr. Iqbal:

**Subject: Loan No. 2727-PAK: Power Distribution Enhancement Investment Program - Project 2
Amendment to Loan Agreement**

1. We refer to the Loan Agreement dated 28 January 2011 between Islamic Republic of Pakistan ("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. Following consultations with the Borrower, the Pakistan Electric Power Company (Private) Limited and the distribution companies, ADB approved, on 11 December 2012, a minor change of the multitranche financing facility to revise the performance targets and undertakings set forth under Schedule 1 of the Framework Financing Agreement. To give effect to the changes, ADB proposes that the para. 8 of Schedule 5 to the Loan Agreement be revised to read as follows:

"8. The Borrower shall ensure that the tariffs formulated for the DISCOs are adequate to maintain the debt service coverage ratio of at least 1.2 times from financial year 2013 (i.e. July 2013 – June 2014) onwards and a self-financing ratio of at least 20% from financial year 2013 (i.e. July 2013 – June 2014) onwards."
3. Save and except to the extent set out above, the Loan Agreement remains unchanged.
4. Pursuant to ADB's Public Communications Policy on disclosure and exchange of information, the amendment to the Loan Agreement will be posted on ADB's website within 2 weeks from the date that the amendment 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 amendment set out in paragraph 2 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

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proposed amendment shall take effect on the date of receipt by ADB of a signed original of this letter agreement.

Yours sincerely,

Hong Wang
Deputy Director General
Central and West Asia Department

A. Accepted and agreed.

B. Confirmed that the amendment to the Loan Agreement does not contain information falling within the PCP exceptions.

For and on behalf of
Islamic Republic of Pakistan

Name: _____

Designation: MUHAMMAD SHEHZAD ARBAB
Secretary

Economic Affairs Division

Date: Government of Pakistan
Islamabad

16-05-2013

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