



Asian Development Bank

Pakistan Resident Mission

1 September 2015

Mr. Saleem Sethi
Secretary
Economic Affairs Division
Ministry of Finance, Revenue, Economic Affairs,
Statistics and Privatization
Government of Pakistan
Islamabad, Pakistan

Dear Mr. Sethi,

Subject: Loan 3121-PAK: National Trade Corridor Highway Investment Program, Project 2 – Amendment to the Loan Agreement

1. We refer to the Loan Agreement (Ordinary Operations) 3121-PAK for the National Trade Corridor Highway Investment Program – Project 2, dated 17 September 2014 (the “Loan Agreement”) between the Islamic Republic of Pakistan (“Pakistan”) and the Asian Development Bank (“ADB”). Under the Loan Agreement, ADB made a loan of \$200,000,000 (the “Loan”) to Pakistan for the purposes of the project described in Schedule 1 to the Loan Agreement (the “Project”).
2. Defined terms used in this letter shall have the same meanings as set out in the Loan Agreement.
3. Pakistan has requested the Government of United Kingdom of Great Britain and Northern Ireland acting through the Department of International Development (“DFID”) for a grant, to be administered by ADB, for the purposes of cofinancing expenditures under investment projects under DFID’s Pakistan Economic Corridors Program, including expenditures under the Project. Part of the DFID grant, together with the Loan, will provide financing for the Project. A partial cancellation of the Loan in the amount of \$82,400,000 has been made effective on 31 July 2015 so that the total amount of financing to Pakistan for the Project remains the same.
4. To reflect such partial cancellation of the Loan, we propose the following amendments be made to the Loan Agreement:
 - (i) Recital paragraphs (C) and (D) shall be re-numbered as Recital paragraphs (D) and (E) respectively;
 - (ii) the following shall be added as new Recital paragraph (C):

“(C) by a grant agreement dated on or about 1 September 2015 between the Borrower and ADB (“Grant Agreement”), ADB has agreed to make a grant from the Government of United Kingdom of Great Britain and Northern Ireland acting

through the Department of International Development (DFID), to be administered by ADB, in the amount of \$82,400,000 (as adjusted to from time to time to account for currency fluctuations, such that the amount of the Grant, denominated in Dollars, shall be equivalent to fifty one million six hundred thousand Pounds (£51,600,000) (the "DFID Grant");

- (iii) In Section 2.01(a), the phrase "two hundred million Dollars (\$200,000,000)" shall be deleted and replaced with "one hundred seventeen million six hundred thousand Dollars (\$117,600,000).
- (iv) Articles V, VI, and VII shall be renumbered as Articles VI, VII, and VIII respectively, and Sections 5.01, 6.01, 6.02, 6.03, 7.01 and 7.02 shall be renumbered as Sections 6.01, 7.01, 7.02, 7.03, 8.01, and 8.02 respectively.
- (v) The following Sections shall be added as new Article V:

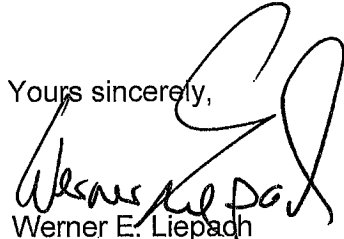
"Suspension; Acceleration of Maturity

Section 5.01. The following is specified as an additional event for suspension of the right of the Borrower to make withdrawals from the Loan Account for the purposes of Section 9.01(l) of the Loan Regulations: the DFID Grant shall have become liable for suspension or cancellation in accordance with the terms of the Grant Agreement.

Section 5.02. The following is specified as an additional event for acceleration of maturity for the purposes of Section 9.07(a)(iv) of the Loan Regulations: the DFID Grant shall have become liable for suspension or cancellation in accordance with the terms of the Grant Agreement."

- (vi) In the current Sections 6.02 and 6.03, references to "Section 6.01" shall be changed to "Section 7.01".
 - (vii) 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.
5. Except as amended, all other terms and conditions of the Loan Agreement shall remain in full force and effect and binding upon Pakistan.
 6. Please indicate the agreement of Pakistan to the proposed amendment by countersigning the 2 original counterparts of this letter. Please retain one signed counterpart of this letter for your record and return the other signed counterpart to ADB. The amendment shall take effect from the date of receipt by ADB of the signed counterpart of this letter.
 7. Please be advised that according to ADB's Public Communications Policy ("PCP") on disclosure and exchange of information, the amendments to the Loan Agreement will be publicly disclosed within 2 weeks after their effectiveness, unless ADB is advised by return mail that the amendment contains information or data of a sensitive or confidential nature falling under the PCP exceptions.


Yours sincerely,



Werner E. Liepach
Country Director
Pakistan Resident Mission

CONFIRMED

Pakistan concurs with the amendments proposed in this letter. The proposed amendments do not contain information or data of a sensitive or confidential nature falling within the PCP exceptions.

Name: 

Designation: **MUHAMMAD SALEEM SETHI**
Secretary

Date: **Economic Affairs Division**
Government of Pakistan
Islamabad

cc: Director CWTC

TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (National Trade Corridor Highway Investment Program – Project 2)			
Number	Item	Total Amount Allocated for ADB Financing (\$) Category	Basis for Withdrawal from the Loan Account
1	Civil Works	70,000,000	25.3 % of total expenditure claimed*
2	Consulting Services	6,800,000	85% of total expenditure claimed
3	Interest and Commitment Charge	20,000,000	100% of amounts due
4	Unallocated	20,800,000	
	Total	117,600,000	

* The percentage of ADB financing will be increased to 90.3% upon the DFID Grant having been utilized in full in accordance with the terms of the Grant Agreement.