

25 May 2009

Mr. Nim Dorji
Director, Department of Public Accounts
Royal Government of Bhutan
Ministry of Finance
Thimpu, Bhutan
Facsimile Number
(009752) 323154

Dear Mr. Dorji,

**Subject: Loan No. 2280-BHU: Financial Sector Development Project
-Amendment to the Loan Agreement**

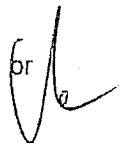
1. We refer to the Loan Agreement (Special Operations) dated 8 March 2007. (Loan Agreement) entered into between the Royal Government of Bhutan (Borrower) and the Asian Development Bank (ADB) for the Project.
2. In response to a request from the Ministry of Finance for changes to the secondment program, ADB approved on 20 April 2009 the change in scope of the Project which covers the following: (a) instead of originally only four (4) senior staff, all twelve (12) officers of the Financial Institutions Supervision Division (FISD) will be sent on secondment training, under supervision of the senior officers; and (ii) the secondment program was divided into two (2) phases. Phase 1 includes the shortened overseas secondment program from three (3) months per year for a 3-year period to one (1) month per year for a 2-year period. Phase 2 will be for various short-term training for project implementation.
3. The above changes will require a revision to Schedule 5 to the Loan Agreement whereby the retention period of three years for trainees set out in paragraph 7 of Schedule 5 to the Loan Agreement, will need to be reduced from three year to two years. Accordingly, we hereby agree to amend paragraph 7 of Schedule 5 to the Loan Agreement by the deleting, in the third line thereof, "three (3) years" and replacing it with "two (2) years".
4. Except as amended in paragraph 3 above, all the terms and conditions of the Loan Agreement shall remain in full force and effect and binding upon the Borrower.
5. Unless otherwise defined herein, capitalized terms used herein shall have the same meaning ascribed thereto in the Loan Agreement.
6. Please indicate the agreement of the Borrower to the terms hereof by countersigning the two (2) original counterparts of this letter in the space indicated below. One (1) signed original counterpart of this letter should be returned to ADB and the other signed original counterpart should be retained by the Borrower for records. The amendment to Schedule 5 to the Loan Agreement as set out in paragraph 3 above, shall take effect from the date of receipt by ADB of the signed original countersigned of this letter.

7. Please be advised that according to the ADB's Public Communications Policy (PCP) on disclosure and exchange of information, the Amendment will automatically be publicly disclosed within two (2) weeks after their effectiveness, unless ADB is advised by return mail that the Amendment contains any information or data of a sensitive or confidential nature falling under the PCP exceptions.

Very truly yours,


Kunio Senga
Director General
South Asia Department

Agree to the Amendment and confirm that the Amendment does not contain any information or data of a sensitive or confidential nature falling under the PCP exceptions:



Kingdom of Bhutan

By:


Authorized Representative
Signature over Printed Name

Director

Date: Department of Public Accounts
Royal Government of Bhutan
Ministry of Finance
Thimphu

29th May 2009