



Treaty Series No. 9 (1974)

Exchange of Notes

concerning Financial Assistance by the
Government of the United Kingdom of
Great Britain and Northern Ireland to
the Government of the Kingdom of
Nepal towards the Construction of a
Road from Dharan to Dhankuta

(United Kingdom/Nepal 1973 Financial Agreement)

Kathmandu, 25 July 1973

[The Agreement entered into force on 25 July 1973]

*Presented to Parliament
by the Secretary of State for Foreign and Commonwealth Affairs
by Command of Her Majesty
January 1974*

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**EXCHANGE OF NOTES
CONCERNING FINANCIAL ASSISTANCE BY THE GOVERNMENT
OF THE UNITED KINGDOM OF GREAT BRITAIN AND
NORTHERN IRELAND TO THE GOVERNMENT OF THE
KINGDOM OF NEPAL TOWARDS THE CONSTRUCTION OF A
ROAD FROM DHARAN TO DHANKUTA**

No. 1

*Her Majesty's Ambassador at Kathmandu to the Secretary of the Ministry of
Finance of Nepal*

*British Embassy,
Kathmandu.*

Sir,

July 25, 1973.

I have the honour to refer to the discussions that have taken place between the Government of the United Kingdom of Great Britain and Northern Ireland (hereinafter referred to as "the Government of the United Kingdom") and His Majesty's Government of Nepal (hereinafter referred to as "HMG/N") about future British development aid and to inform you that it is the intention of the Government of the United Kingdom to provide assistance to HMG/N towards the construction in Nepal of a road from Dharan to Dhankuta (hereinafter referred to as "the Road") by way of a sum not exceeding £5,000,000 (five million pounds sterling). One half of any sum made available will be provided as a grant and one half as an interest-free loan.

2. This Note sets out the arrangements and procedures relating to the provisions and repayment of the loan so made available which, insofar as they relate to things to be done by or on behalf of, or to matters under the control of each respective Government, that Government shall adopt.

3. HMG/N shall apply the funds provided by the Government of the United Kingdom exclusively towards the construction of the Road and use such funds for the purchase of goods in the United Kingdom or in Nepal or in India or for work to be done or services to be rendered by citizens of the United Kingdom or Nepal or India unless and to the extent only that the Government of the United Kingdom and HMG/N otherwise agree in writing.

4. HMG/N shall, with the advice of the Consulting Engineers whom they will engage for the road project, submit to the Government of the United Kingdom in the form set out in the Annex to this Note quarterly estimates of projected expenditure (including the Consultants' fees and expenses) during the following three months. The Government of the United Kingdom will, on receipt of such requests, make corresponding payments in pounds sterling to the credit of a special freely convertible account of HMG/N at a bank designated by it for this purpose. HMG/N will thereafter undertake to make available without delay pounds sterling or Indian or Nepalese rupees in such amounts as the Consultants may require within the sums so advanced.

5. HMG/N shall forward to the Government of the United Kingdom not later than thirty days after the end of each month a statement of actual expenditure in that month in a form to be agreed, together with supporting invoices.

6. HMG/N shall repay to the Government of the United Kingdom in pounds sterling in London the total sum borrowed and accounted as a loan under the arrangements set out above in this Note, such repayment to be made by instalments paid on the dates and in the amounts specified below: provided that if, on the date when any such instalment is due to be paid, there is then outstanding less than the amount specified for that instalment, only the amount then outstanding need be paid.

INSTALMENTS		<i>Amount</i>
<i>Date Due</i>		<i>£</i>
1 December 1980 and on the 1 December in each of the succeeding 17 years	69,500
1 June 1981 and on the 1 June in each of the succeeding 16 years	69,500
1 June 1998	67,500

7. Notwithstanding the provision of paragraph 6 of this Note, HMG/N shall be free at any earlier time to repay to the Government of the United Kingdom in pounds sterling in London the whole or any part of the loan outstanding.

8. If the foregoing proposals are acceptable to HMG/N, I have the honour to suggest that the present Note together with your reply in concurrence thereto shall constitute an Agreement between His Majesty's Government of Nepal and the Government of Great Britain and Northern Ireland which shall enter into force on the day of your reply and the Agreement shall be referred to as the United Kingdom/Nepal 1973 Financial Agreement.

9. I avail myself of this opportunity to renew to His Majesty's Government of Nepal the assurance of my highest consideration.

T. J. O'BRIEN
Her Britannic Majesty's Ambassador

UNITED KINGDOM/NEPAL FINANCIAL AGREEMENT 1973

Dharan—Dhankuta Road

REQUEST FOR DRAWING

Amount required for period..... to.....

	<i>NR</i>	<i>£ equivalent</i>
Construction costs	
Consultants fees and expenses	_____
Less balance outstanding from previous quarter	_____

The sum of £ _____ is now requested, half of which shall on payment constitute a drawing on the Loan.

*Signed on behalf of His Majesty's
Government of Nepal*

Date.....

To: The Government of the United Kingdom.

No. 2

*The Secretary of the Ministry of Finance of Nepal to Her Majesty's Ambassador
at Kathmandu*

*Ministry of Finance,
Babar Mahal,
Kathmandu.*

Your Excellency,

July 25, 1973.

I acknowledge Your Excellency's Note dated July 25, 1973 which reads as follows:

[As in No. 1]

I have the honour to inform Your Excellency that the foregoing is acceptable to His Majesty's Government of Nepal, who therefore agree that your Note and this reply shall constitute an Agreement between the two Governments with effect from today's date.

Please accept, Your Excellency, the assurances of my highest consideration.

B. B. PRADHAN
*Secretary,
Ministry of Finance*