



Treaty Series No. 73 (1969)

## Exchange of Notes

between the Government of the  
United Kingdom of Great Britain and Northern Ireland  
and the Government of Nepal

concerning Financial Assistance  
by the United Kingdom to Nepal towards  
the Construction of the East–West  
Highway

(United Kingdom/Nepal 1969 (No. 1) Financial Agreement)

Kathmandu, 31 March 1969

*Presented to Parliament  
by the Secretary of State for Foreign and Commonwealth Affairs  
by Command of Her Majesty  
July 1969*

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**EXCHANGE OF NOTES  
BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM  
OF GREAT BRITAIN AND NORTHERN IRELAND AND THE  
GOVERNMENT OF NEPAL CONCERNING FINANCIAL  
ASSISTANCE BY THE UNITED KINGDOM TO NEPAL  
TOWARDS THE CONSTRUCTION OF THE EAST-WEST HIGHWAY  
(UNITED KINGDOM/NEPAL 1969 (No. 1) FINANCIAL AGREEMENT)**

No. 1

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

*British Embassy,  
Kathmandu.*

Sir,

31 March, 1969.

I have the honour to refer to the discussions concerning assistance by the Government of the United Kingdom of Great Britain and Northern Ireland (hereinafter referred to as the Government of the United Kingdom) to His Majesty's Government of Nepal (hereinafter referred to as the Government of Nepal) towards the construction in Nepal of a sector of the Mahendra Raj Marg (otherwise known as the East-West Highway), and to inform you that the Government of the United Kingdom are prepared to conclude an Agreement with the Government of Nepal on this question. The commitments of the Government of the United Kingdom and of the Government of Nepal shall be as respectively set out in Part A and Part B below:

- A. The Government of the United Kingdom declare that it is their intention, acting by the Ministry of Overseas Development, to provide assistance to the Government of Nepal towards the costs of designing and constructing that part of the Mahendra Raj Marg running from the West bank of the Narayani River, near Narayanghat, to the Sonauli-Pokhara Road South of Khasauli (hereinafter referred to as "the Road") by way of a sum not exceeding £4,750,000 (four million seven hundred and fifty thousand pounds sterling). Of the sum to be made available half will be provided as a grant and half in the form of an interest-free loan.
- B. (1) The Government of the United Kingdom shall adopt the arrangements and procedures described in the following paragraphs of this Note in so far as they relate to things to be done by or on behalf of that Government. The Government of Nepal shall adopt the arrangements and procedures so described in so far as they relate to things to be done by or on behalf of that Government.
- (2) The Government of the United Kingdom shall utilize the services of the United Kingdom Ministry of Public Building and Works (hereinafter referred to as "the Construction Agency") for the design and construction of the road.

- (3) The Government of the United Kingdom, on receipt from the Construction Agency of estimates submitted quarterly of the latter's projected expenditure during the following three months in pounds sterling or in any other currency except Nepalese and Indian Rupees, shall make corresponding payments in sterling to the Construction Agency in London.
- (4) The Government of Nepal, on receipt from the Construction Agency of estimates submitted quarterly of the latter's projected expenditure in Nepalese and Indian Rupees during the following three months, shall make corresponding payments to the Construction Agency's bank account in Nepal or, when so requested by the Construction Agency, shall make direct payments on the Construction Agency's behalf.
- (5) The Government of the United Kingdom, on receipt from the Construction Agency of a certified copy of the latter's quarterly estimates referred to in sub-paragraph (4) together with confirmation that the payments referred to in that sub-paragraph have been made, shall make corresponding payments in sterling to the credit of the Government of Nepal at an agency to be nominated by that Government.
- (6) The Government of Nepal shall repay to the Ministry of Overseas Development in pounds sterling in London the sum borrowed as a loan under the arrangements set out in this Note, such repayment to be made by instalments paid on the dates and in the amounts specified below: except 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 shall be paid:

<i>Due</i>	INSTALMENTS						<i>Amount</i> £
	...	...	...	...	...	...	
1st July 1971	...	...	...	...	...	...	9,650
1st January 1972	...	...	...	...	...	...	9,650
1st July 1972	...	...	...	...	...	...	19,300
1st January 1973	...	...	...	...	...	...	19,300
1st July 1973	...	...	...	...	...	...	28,950
1st January 1974	...	...	...	...	...	...	28,950
1st July 1974	...	...	...	...	...	...	38,600
1st January 1975	...	...	...	...	...	...	38,600
1st July 1975	...	...	...	...	...	...	48,250
1st January 1976	...	...	...	...	...	...	48,250
1st July 1976 and on the 1st July in each of the succeeding seventeen years	...	...	...	...	...	...	57,900
1st January 1977 and on the 1st January in each of the succeeding sixteen years	...	...	...	...	...	...	57,900
1st January 1994	...	...	...	...	...	...	59,000

2. If the foregoing proposals are acceptable to the Government of Nepal, I have the honour to suggest that the present Note together with your reply in that sense shall constitute an Agreement between the two Governments which shall enter into force on the date of your reply, and the Agreement shall be referred to as the United Kingdom/Nepal 1969 (Number 1) Financial Agreement.

I avail myself of this opportunity to renew to you the assurances of my highest consideration.

A. R. H. KELLAS

No. 2

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

*Ministry of Finance,  
Kathmandu.*

Your Excellency:

*31 March, 1969.*

I acknowledge Your Excellency's Note dated 31st March 1969, 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.

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

BHEKH B. THAPA

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