
LOAN NUMBER 6045-IND

PROJECT AGREEMENT
(Nagaland Urban Infrastructure Development Project)

between

ASIAN DEVELOPMENT BANK

and

STATE OF NAGALAND

DATED 11 APRIL 2022

IND 54166

PROJECT AGREEMENT

PROJECT AGREEMENT dated 11 APRIL 2022 between ASIAN DEVELOPMENT BANK (“ADB”) and the STATE OF NAGALAND acting by its Governor (“the State”).

WHEREAS

(A) by a Loan Agreement of even date herewith between India (“Borrower”) and ADB, ADB has agreed to make to the Borrower a loan of two million Dollars (\$2,000,000) on the terms and conditions set forth in the Loan Agreement to finance preparatory activities for the Ensuing Project, but only on the condition that the proceeds of the loan be made available to the State and that the State agrees to undertake certain obligations towards ADB set forth herein; and

(B) the State, in consideration of ADB entering into the Loan Agreement with the Borrower, has agreed to undertake the obligations set forth herein;

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

Definitions

Section 1.01. Wherever used in this Project Agreement, unless the context otherwise requires, the several terms defined in the Loan Agreement and in the Loan Regulations (as so defined) have the respective meanings therein set forth.

ARTICLE II

Particular Covenants

Section 2.01. (a) The State shall carry out the PRF Activities with due diligence and efficiency, and in conformity with sound applicable technical, financial, business, and development practices.

(b) In the carrying out of the PRF Activities, the State shall perform all obligations set forth in the Loan Agreement to the extent that they are applicable to the State.

Section 2.02. The State shall make available, promptly as needed, and on terms and conditions acceptable to ADB and the Borrower, the funds, facilities, services, land and other resources as required, in addition to the proceeds of the Loan, for the carrying out of the PRF Activities.

Section 2.03. (a) In the carrying out of the PRF Activities, the State shall engage competent and qualified consultants and contractors, consistent with the Procurement Policy and Procurement Regulations, to an extent and upon terms and conditions mutually satisfactory to ADB and the Borrower.

(b) Except as ADB may otherwise agree, the State shall procure all items of expenditures to be financed out of the proceeds of the Loan in accordance with the provisions of Schedule 4 to the Loan Agreement. ADB may refuse to finance a contract where any such item has not been procured under procedures substantially in accordance with those agreed between the Borrower and ADB or where the terms and conditions of the contract are not satisfactory to ADB.

Section 2.04. The State shall carry out the PRF Activities in accordance with plans, design standards, specifications, work schedules and construction methods acceptable to ADB and the Borrower. The State shall furnish, or cause to be furnished, to ADB, promptly after their preparation, such plans, design standards, specifications and work schedules, and any material modifications subsequently made therein, in such detail as ADB shall reasonably request.

Section 2.05. The State shall take out and maintain with responsible insurers, or make other arrangements satisfactory to ADB for, insurance of PRF Activities facilities against such risks and in such amounts as shall be consistent with sound practice.

Section 2.06. The State shall maintain, or cause to be maintained, records and accounts adequate to identify the items of expenditure financed out of the proceeds of the Loan, to disclose the use thereof in the PRF Activities, to record the progress of the PRF Activities (including the cost thereof) and to reflect, in accordance with consistently maintained sound accounting principles, its operations and financial condition.

Section 2.07. (a) ADB and the State shall cooperate fully to ensure that the purposes of the Loan will be accomplished.

(b) The State shall promptly inform ADB through the Borrower of any condition which interferes with, or threatens to interfere with, the progress of the PRF Activities, the performance of its obligations under this Project Agreement, or the accomplishment of the purposes of the Loan.

(c) ADB and the State shall from time to time, at the request of either party, exchange views through their representatives with regard to any matters relating to the PRF Activities, the State and the Loan.

Section 2.08. (a) In so far as it relates to the PRF Activities, the State shall furnish to ADB all such reports and information as ADB shall reasonably request concerning (i) the Loan and the expenditure of the proceeds thereof; (ii) the items of expenditure financed out of such proceeds; (iii) the PRF Activities; (iv) the administration, operations and financial status of the State; and (v) any other matters relating to the purposes of the Loan.

(b) Without limiting the generality of the foregoing, the State shall furnish to ADB periodic reports on the execution of the PRF Activities. Such reports shall be submitted in such form and in such detail and within such a period as ADB shall reasonably request, and shall indicate, among other things, progress made and problems encountered during the period under

review, steps taken or proposed to be taken to remedy these problems, and proposed program of activities and expected progress during the following period.

(c) Promptly after physical completion of the PRF Activities, but in any event not later than 3 months thereafter or such later date as ADB may agree for this purpose, the State shall prepare and furnish to ADB a report, in such form and in such detail as ADB shall reasonably request, on the execution and initial operation of the PRF Activities, including its cost, the performance by the State of its obligations under this Project Agreement and the accomplishment of the purposes of the Loan.

Section 2.09. (a) the State shall (i) maintain separate accounts and records for the PRF Activities; (ii) prepare annual financial statements for the PRF Activities in accordance with financial reporting standards prevalent in the country; (iii) have such financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with auditing standards acceptable to ADB; (iv) as part of each such audit, have the auditors prepare a report, which includes the auditors' opinion(s) on the financial statements, use of the Loan proceeds, and a management letter (which sets out the deficiencies in the internal control of the PRF Activities that were identified in the course of the audit, if any); and (v) furnish to ADB, no later than 6 months after the close of the fiscal year to which they relate, copies of such audited financial statements, audit report and management letter, all in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.

(b) ADB shall disclose the annual audited financial statements for the PRF Activities and the opinion of the auditors on the financial statements within 14 days of the date of ADB's confirmation of their acceptability by posting them on ADB's website.

(c) The State shall enable ADB, upon ADB's request, to discuss the financial statements for the PRF Activities and the State and its financial affairs where they relate to the PRF Activities with the auditors appointed by the State pursuant to subsection (a)(iii) hereinabove, and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB. This is provided that such discussions shall be conducted only in the presence of an authorized officer of the State, unless the State shall otherwise agree.

Section 2.10. The State shall enable ADB's representatives to inspect the PRF Activities, and any relevant records and documents.

Section 2.11. (a) The State shall, promptly as required, take all action within its powers to maintain its constitutional existence, to carry on its operations, and to acquire, maintain and renew all rights, properties, powers, privileges and franchises which are necessary in the carrying out of the PRF Activities or in the conduct of its operations.

(b) In relation to the PRF Activities, the State shall at all times conduct its operations in accordance with sound applicable technical, financial, business, development and operational practices, and under the supervision of competent and experienced management and personnel.

(c) In relation to the PRF Activities, the State shall at all times operate and maintain its plants, equipment and other property, and from time to time, promptly as needed, make all necessary repairs and renewals thereof, all in accordance with sound applicable technical, financial, business, development, operational and maintenance practices.

Section 2.12. Except as ADB may otherwise agree, the State shall not sell, lease or otherwise dispose of any of its assets which shall be required for the efficient carrying on of its operations or the disposal of which may prejudice its ability to perform satisfactorily any of its obligations under this Project Agreement.

Section 2.13. Except as ADB may otherwise agree, in relation to the PRF Activities, the State shall apply the proceeds of the Loan to the financing of expenditures on the PRF Activities in accordance with the provisions of the Loan Agreement and this Project Agreement, and shall ensure that all items of expenditures financed out of such proceeds are used exclusively in the carrying out of the PRF Activities.

Section 2.14. Except as ADB may otherwise agree, the State shall duly perform all its obligations under the Financing Arrangements with the Borrower, and shall not take, or concur in, any action which would have the effect of assigning, amending, abrogating or waiving any rights or obligations of the parties under the Financing Arrangements.

Section 2.15. The State shall promptly notify ADB of any proposal to amend, suspend or repeal any provision of its constitutional documents, which, if implemented, could adversely affect the carrying out of the PRF Activities. The State shall afford ADB an adequate opportunity to comment on such proposal in taking any affirmative action thereon.

ARTICLE III

Effective Date; Termination

Section 3.01. This Project Agreement shall come into force and effect on the date on which the Loan Agreement comes into force and effect. ADB shall promptly notify the State of such date.

Section 3.02. This Project Agreement and all obligations of the parties hereunder shall terminate on the date on which the Loan Agreement shall terminate in accordance with its terms.

Section 3.03. All the provisions of this Project Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the Loan Agreement.

ARTICLE IV

Miscellaneous

Section 4.01. Any notice or request required or permitted to be given or made under this Project Agreement and any agreement between the parties contemplated by this Project Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand, mail or facsimile to the party to which it is

required or permitted to be given or made at its address hereinafter specified, or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:

For ADB

Asian Development Bank
6 ADB Avenue
Mandaluyong City
1550 Metro Manila
Philippines

Facsimile Numbers:

(632) 8636-2444
(0091) 11 26870945

For the State of Nagaland

Urban Development Department
Government of Nagaland
Nagaland Civil Secretariat
Kohima 797001, Nagaland

Email: secyudd@gmail.com.

Section 4.02. (a) Any action required or permitted to be taken, and any documents required or permitted to be executed, under this Project Agreement by or on behalf of the State may be taken or executed by its Secretary, Urban Development Department or by such other person or persons as he or she shall so designate in writing notified to ADB.

(b) the State shall furnish to ADB sufficient evidence of the authority of each person who will act under subsection (a) hereinabove, together with the authenticated specimen signature of each such person.

Section 4.03. No delay in exercising, or omission to exercise, any right, power or remedy accruing to either party under this Project Agreement upon any default shall impair any such right, power or remedy or be construed to be a waiver thereof or an acquiescence in such default; nor shall the action of such party in respect of any default, or any acquiescence in any default, affect or impair any right, power or remedy of such party in respect of any other or subsequent default.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Project Agreement to be signed in their respective names as of the day and year first above written, and to be delivered at the principal office of ADB.

ASIAN DEVELOPMENT BANK

By 

TAKEO KONISHI
Country Director
India Resident Mission

STATE OF NAGALAND

By 

I. HIMATO ZHIMOMI
Principal Secretary
Urban Development Department