
LOAN NUMBER 6045-IND

LOAN AGREEMENT
(Ordinary Operations)
(Nagaland Urban Infrastructure Development Project)

between

INDIA

and

ASIAN DEVELOPMENT BANK

DATED 11 APRIL 2022

IND 54166

LOAN AGREEMENT (Ordinary Operations)

LOAN AGREEMENT dated 11 APRIL 2022 between INDIA ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) the Borrower has applied to ADB for a loan under an ADB project readiness financing ("PRF") to finance preparatory activities for prospective projects ("PRF Activities") described in Schedule 1 to this Loan Agreement;

(B) the PRF Activities will be carried out by the Borrower's State of Nagaland ("State") acting through its Urban Development Department ("UDD") (hereinafter referred to as "PRF Executing Agency" or "PRF EA"), and for this purpose the Borrower will make the proceeds of the loan provided for herein available to the State and the State will make available the proceeds of the Loan to PRF EA upon terms and conditions mutually satisfactory to ADB and the Borrower; and

(C) ADB has agreed to make a loan to the Borrower from ADB's ordinary capital resources upon the terms and conditions set forth herein and in the Project Agreement of even date herewith between ADB and the State;

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

Loan Regulations; Definitions

Section 1.01. All the provisions of ADB's Ordinary Operations Loan Regulations, dated 1 January 2022 ("Loan Regulations"), are hereby made applicable to this Loan Agreement with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications:

(a) Section 2.01(rr) is deleted and the following is substituted therefor:

"Project Agreement" means the Project Agreement of even date herewith between ADB and the State of Nagaland, as such agreement may be amended from time to time; and such project agreement includes all schedules to the Project Agreement."

(b) The term "Project" wherever it appears in the Loan Regulations as a defined term, shall be substituted by the term "PRF Activities".

(c) The term "Project Executing Agency" wherever it appears in the Loan Regulations as a defined term, shall be substituted by the term "PRF Executing Agency".

Section 1.02. Wherever used in this Loan Agreement, the several terms defined in the Loan Regulations have the respective meanings therein set forth unless modified herein or the context otherwise requires. Additional terms used in this Loan Agreement have the following meanings:

- (a) “Amortization Schedule” means the amortization schedule for repayment of the withdrawn principal amount of the Loan (in the event that the PRF Loan is not refinanced by ADB), as set forth in Schedule 2 to this Loan Agreement;
- (b) “Consulting Services” means consulting services as described in the Procurement Regulations and set out in the Procurement Plan, and to be financed out of the proceeds of the Loan;
- (c) “Ensuing Loan Agreement” means the loan agreement to be entered into between the Borrower and ADB for an Ensuing Project which also provides for refinancing of the Loan;
- (d) “Ensuing Project” means the prospective urban infrastructure development project for the State to be financed by ADB, as further described in Schedule 1;
- (e) “Existing Loan Agreement” means the loan agreement entered into between the Borrower and ADB for an ongoing project financed by ADB, an amendment of which provides for refinancing of the Loan;
- (f) “Financing Arrangements” means the arrangements between the Borrower and the State as per current policy of the Borrower, and acceptable to ADB;
- (g) “IA” means the State’s Directorate of Urban Development;
- (h) “Loan Disbursement Handbook” means ADB’s Loan Disbursement Handbook (2017, as amended from time to time);
- (i) “Nonconsulting Services” means nonconsulting services as described in the Procurement Regulations and set out in the Procurement Plan, and to be financed out of the proceeds of the Loan;
- (j) “PAM” means the project administration manual for the PRF Activities dated 8 February 2022 and agreed between the Borrower and ADB, as updated from time to time in accordance with the respective administrative procedures of the Borrower and ADB;
- (k) “PMU” means the Project Management Unit set up at the IA for the PRF Activities;
- (l) “PRF Executing Agency” or “PRF EA” for the purposes of and within the meaning of the Loan Regulations means the State, acting through its

UDD, or any successor thereto, which is responsible for carrying out the PRF Activities;

- (m) “Procurement Plan” means the procurement plan for the PRF Activities as included in the PAM and agreed between the Borrower, the PRF EA and ADB, as updated from time to time in accordance with the Procurement Policy, the Procurement Regulations, and other arrangements agreed with ADB;
- (n) “Procurement Policy” means ADB’s Procurement Policy – Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time);
- (o) “Procurement Regulations” means ADB’s Procurement Regulations for ADB Borrowers – Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time);
- (p) “Refinancing Date” means the date no later than the first Principal Payment Date that is either (i) the effective date of the Ensuing Loan Agreement; (ii) the effective date of the amended Existing Loan Agreement; or (iii) such other date as may from time to time be agreed between the Borrower and ADB;
- (q) “Services” means Consulting Services and Nonconsulting Services;
- (r) “SPS” means ADB’s Safeguard Policy Statement (2009); and
- (s) “State” means the State of Nagaland.

ARTICLE II

The Loan

Section 2.01. (a) ADB agrees to lend to the Borrower from ADB’s ordinary capital resources an amount of two million Dollars (\$2,000,000).

(b) The Loan has a principal repayment period of 12 years, and a grace period as defined in subsection (c) hereinafter.

(c) The term “grace period” as used in subsection (b) hereinabove means the period prior to the first Principal Payment Date in accordance with the Amortization Schedule.

Section 2.02. The Borrower shall pay to ADB interest on the principal amount of the Loan withdrawn and outstanding from time to time at a rate for each Interest Period equal to the sum of:

- (a) SOFR; and

- (b) 0.60% as provided by Section 3.02 of the Loan Regulations less a credit of 0.10% as provided by Section 3.03 of the Loan Regulations.

Section 2.03. Interest on the Loan shall be payable semiannually on 15 February and 15 August in each year.

Section 2.04. The Borrower shall repay the principal amount of the Loan withdrawn from the Loan Account in accordance with the provisions of Schedule 2 to this Loan Agreement.

Section 2.05. In the event that the Loan is refinanced by ADB pursuant to an Ensuing Loan Agreement or an Existing Loan Agreement, on the Refinancing Date:

- (a) the Borrower shall repay the principal amount of the Loan withdrawn from the Loan Account along with any interest accrued hereunder in accordance with the terms of the Ensuing Loan Agreement or the Existing Loan Agreement; and
- (b) the right of the Borrower to make withdrawals from the Loan Account shall terminate and any unwithdrawn amount of the Loan shall be cancelled.

ARTICLE III

Use of Proceeds of the Loan

Section 3.01. The Borrower shall make the proceeds of the Loan available to the PRF EA upon terms and conditions mutually agreeable to ADB and the Borrower, and shall cause the PRF EA to apply such proceeds to the financing of expenditures relating to the PRF Activities in accordance with the provisions of this Loan Agreement and the Project Agreement.

Section 3.02. The proceeds of the Loan shall be allocated and withdrawn in accordance with the provisions of Schedule 3 to this Loan Agreement, as such Schedule may be amended from time to time by agreement between the Borrower and ADB.

Section 3.03. Except as ADB may otherwise agree, the Borrower shall ensure, or cause the PRF EA to ensure, that the items of expenditure to be financed out of the proceeds of the Loan are procured in accordance with the provisions of Schedule 4 to this Loan Agreement.

Section 3.04. The Loan Closing Date for the purposes of Section 9.02 of the Loan Regulations shall be 28 February 2025 or such other date as may from time to time be agreed between the Borrower and ADB.

ARTICLE IV

Particular Covenants

Section 4.01. In the carrying out of the PRF Activities, the Borrower shall perform, or cause to be performed by the State and the PRF EA, all obligations set forth in this Loan Agreement and the Project Agreement.

Section 4.02. The Borrower shall enable ADB's representatives to inspect the PRF Activities, and Services, and any relevant records and documents.

Section 4.03. 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.

Section 4.04. In so far as it relates to the PRF Activities, the Borrower shall ensure or cause the State to ensure to take all actions, which shall be necessary on its part to enable the PRF EA to perform its obligations under the Project Agreement and shall not take or permit any action which would interfere with the performance of such obligations.

Section 4.05. (a) In so far as it relates to the PRF Activities, the Borrower shall exercise its rights under the Financing Arrangements in such a manner as to protect the interests of the Borrower and ADB and to accomplish the purposes of the Loan.

(b) In so far as it relates to the PRF Activities, no rights or obligations under the Financing Arrangements shall be assigned, amended, abrogated or waived without prior notice to ADB.

ARTICLE V

Effectiveness

Section 5.01. A date 90 days after the date of this Loan Agreement is specified for the effectiveness of this Loan Agreement for the purposes of Section 10.04 of the Loan Regulations.

ARTICLE VI

Miscellaneous

Section 6.01. The Secretary, Additional Secretary, Joint Secretary, Director or Deputy Secretary in the Department of Economic Affairs, Ministry of Finance of the

Borrower is designated as representative of the Borrower for the purposes of Section 12.02 of the Loan Regulations.

Section 6.02. The following addresses are specified for the purposes of Section 12.01 of the Loan Regulations:

For the Borrower

The Secretary to the Government of India
Department of Economic Affairs
Ministry of Finance
North Block
New Delhi – 110001
India

Facsimile Number:

(91) 11-23094075

For ADB

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

Facsimile Numbers:

(632) 8636-2444
(0091) 11-26870945

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan 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.

INDIA

By  11/4/22

RAJAT KUMAR MISHRA
Additional Secretary (MBC)
Department of Economic Affairs

ASIAN DEVELOPMENT BANK

By 

TAKEO KONISHI
Country Director
India Resident Mission

SCHEDULE 1**Description of the PRF Activities**

1. The PRF Activities shall comprise:
 - (a) Preparation of sector strategy and investment plans to support improved urban infrastructure plans in 16 district headquarter towns, development of prioritization matrix, and phasing investments in prioritized urban areas for ensuing subprojects;
 - (b) Project preparatory activities in the form of feasibility studies and due diligence assessments, including engineering design; cost estimates; technical, financial, integrity, economic, and socioeconomic analysis; environmental and social impact assessment, procurement risk assessment and advance procurement actions; and
 - (c) Institutional capacity strengthening of the executing and implementing agencies of the ensuing project in areas such as safeguards, procurement, gender equality and social inclusion, financial management, operation and management and sustainability, and contract management.
2. Unless otherwise agreed between the Borrower, PRF EA and ADB, the PRF Activities are expected to support preparation of the Ensuing Project.
3. The PRF Activities are expected to be completed by 31 August 2024.

SCHEDULE 2

Amortization Schedule

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (Installment Share). If the proceeds of the Loan shall have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by ADB by multiplying (a) the total principal amount of the Loan withdrawn and outstanding as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date.

Date Payment Due	Installment Share (Expressed as a %)
15 August 2025	4.166667
15 February 2026	4.166667
15 August 2026	4.166667
15 February 2027	4.166667
15 August 2027	4.166667
15 February 2028	4.166667
15 August 2028	4.166667
15 February 2029	4.166667
15 August 2029	4.166667
15 February 2030	4.166667
15 August 2030	4.166667
15 February 2031	4.166667
15 August 2031	4.166667
15 February 2032	4.166667
15 August 2032	4.166667
15 February 2033	4.166667
15 August 2033	4.166667
15 February 2034	4.166667
15 August 2034	4.166667
15 February 2035	4.166667
15 August 2035	4.166667
15 February 2036	4.166667
15 August 2036	4.166667
15 February 2037	4.166659
Total	100.000000

2. If the proceeds of the Loan shall not have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:

- (a) to the extent that any proceeds of the Loan shall have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the amount withdrawn and outstanding as of such date in accordance with paragraph 1 of this Schedule; and
- (b) any withdrawal made after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by ADB by multiplying the amount of each such withdrawal by a fraction, the numerator of which shall be the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (the Original Installment Share) and the denominator of which shall be the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date.

3. Withdrawals made within 2 calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

SCHEDULE 3

Allocation and Withdrawal of Loan Proceeds

General

1. The table attached to this Schedule sets forth the Categories of items of expenditure to be financed out of the proceeds of the Loan and the allocation of the Loan proceeds to each such Category ("Table"). (Reference to "Category" in this Schedule is to a Category or Subcategory of the Table.)

Basis for Withdrawal from the Loan Account

2. Except as ADB may otherwise agree, the proceeds of the Loan shall be allocated to items of expenditure, and disbursed on the basis of the withdrawal percentage for each item of expenditure set forth in the Table.

Reallocation

3. Notwithstanding the allocation of Loan proceeds and the withdrawal percentages set forth in the Table,

- (a) if the amount of the Loan allocated to any Category appears to be insufficient to finance all agreed expenditures in that Category, ADB may, in consultation with and by notice to the Borrower and the PRF EA, (i) reallocate to such Category, to the extent required to meet the estimated shortfall, amounts of the Loan which have been allocated to another Category but, in the opinion of ADB, are not needed to meet other expenditures, and (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the withdrawal percentage applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made; and
- (b) if the amount of the Loan allocated to any Category appears to exceed all agreed expenditures in that Category, ADB may, in consultation with and by notice to the Borrower and the PRF EA, reallocate such excess amount to any other Category.

Disbursement Procedures

4. Except as ADB may otherwise agree, the Loan proceeds shall be disbursed in accordance with the Loan Disbursement Handbook, and detailed arrangements agreed upon between ADB and the Borrower.

Retroactive Financing

5. Withdrawals from the Loan Account may be made to finance eligible expenditures incurred under the PRF Activities before the Effective Date, but not earlier than 12 months before the date of this Loan Agreement in connection with items to be retroactively financed, subject to a maximum amount equivalent to 20% of the Loan amount.

TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS			
Number	Item	Total Amount Allocated for ADB Financing [\$]	Basis for Withdrawal from the Loan Account
		Category	
1	Consulting Services	2,000,000	100% of total expenditure claimed*
	TOTAL	2,000,000	

* Exclusive of taxes and duties imposed within the territory of the Borrower.

SCHEDULE 4

Execution of PRF Activities

Implementation Arrangements

1. The Borrower, the State, the PRF EA and the Implementing Agency (IA) shall ensure that the PRF Activities are implemented in accordance with the detailed arrangements set forth in the PAM. Any subsequent change to the PAM shall become effective only after approval of such change by the Borrower, the PRF EA and ADB. In the event of any discrepancy between the PAM and this Loan Agreement, the provisions of this Loan Agreement shall prevail.

2. The Borrower shall ensure or cause PRF EA to ensure that the PMU employs sufficient staff including increasing the number of adequate staff as included in the PAM, with relevant expertise in the fields of project management, financial management, procurement, operations and maintenance, gender, environmental and social safeguards implementation. The PRF EA shall seek periodic guidance from the SPSC for the PRF activities to ensure that the PMU is equipped with the necessary staff, office space, facilities, equipment, support staff and management information systems for the entire duration of the PRF Activities and thereafter.

3. (a) The Borrower shall ensure or cause the PRF EA to ensure that towards smooth implementation of the Project, grievances in any from stakeholders relating to the Project implementation or use of funds are addressed effectively and efficiently.

(b) The Borrower shall ensure or cause the State and PRF EA to ensure compliance with all the requirements and obligations in their part as included in this Loan Agreement and the Project Agreement to meet the objectives of the PRF Activities in a timely and efficient manner.

Prohibited List of Investments

4. The Borrower shall ensure, or cause the PRF EA to ensure, that no proceeds of the Loan are used to finance any activity included in the list of prohibited investment activities provided in Appendix 5 of the SPS.

Procurement

5. The Borrower shall, or cause the PRF EA to ensure, that:

- (a) the procurement of Services is carried out in accordance with the Procurement Policy and the Procurement Regulations;
- (b) Services shall be procured based on the detailed arrangements set forth in the Procurement Plan, including the procurement and selection methods, the type of bidding documents, and ADB's review requirements. The Borrower through PRF EA may modify the detailed

arrangements set forth in the Procurement Plan only with the prior agreement of ADB, and such modifications must be set out in updates to the Procurement Plan;

- (c) (i) all Services obtained (including all computer hardware, software and systems, whether separately procured or incorporated within other goods and services procured) do not violate or infringe any industrial property or intellectual property right or claim of any third party; and (ii) all contracts for the procurement of Services contain appropriate representations, warranties and, if appropriate, indemnities from the contractor, supplier, consultant or service provider with respect to the matters referred to in this subparagraph.

Counterpart Support

- 6. The Borrower shall ensure or cause the State to make available to the PRF EA:
 - (a) all counterpart funds required for the timely, effective and efficient implementation of the PRF Activities, and shall make the resources as required available on an annual basis for each fiscal year through approved budget allocations or other means; and
 - (b) sufficient funds to satisfy its liabilities arising from any Services contract.

Governance and Anticorruption

- 7. The Borrower shall ensure and cause the State, PRF EA and IA to ensure that each shall:
 - (a) comply with ADB's Anticorruption Policy (1998, as amended to date);
 - (b) ensure that the anticorruption provisions acceptable to ADB, Borrower, the State and the PRF EA are included in all bidding documents and contracts financed by ADB in connection with the PRF Activities and Ensuing Project, including provisions specifying the right of ADB to review and examine the records and accounts of the PRF EA, IA and all contractors, suppliers, consultants and other service providers as they related to the PRF Activities and the Ensuing Project and as included in the PAM;
 - (c) allow and assist ADB's representatives to carry out random spot checks on the work in progress and utilization of funds for the PRF Activities and Ensuing Project;

- (d) acknowledge that ADB reserves the right to investigate directly or through its agents any alleged corrupt, fraudulent, collusive or coercive practice relating to the PRF Activities and Ensuing Project; and
- (e) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation, and as included in the PAM.

Financial Management – Risk Assessment and Mitigation Plan

8. The Borrower shall ensure or cause the PRF EA to ensure and cause the IA to ensure that all actions as stated in the Risk Assessment and Mitigation Plan included in the PAM are undertaken and complied in a timely manner as per related timelines.