
LOAN NUMBER 6038 - IND

**LOAN AGREEMENT
(Ordinary Operations)**

(Aizawl Sustainable Urban Transport Project)

between

INDIA

and

ASIAN DEVELOPMENT BANK

DATED 26 October 2021

IND 54335-001

LOAN AGREEMENT
(Ordinary Operations)

LOAN AGREEMENT dated 26 October 2021 between INDIA acting by its President ("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 the Ensuing Project ("PRF Activities") described in Schedule 1 to this Loan Agreement;

(B) the PRF Activities will be carried out by the Borrower's State of Mizoram ("State") acting through its Urban Development and Poverty Alleviation Department ("UDPAD") (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 the 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 2017 ("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 (Definitions) subsection (xx) shall be deleted and replaced in its entirety as follows:
 - (xx) "Reference Rate" means, (i) except as ADB has otherwise made a determination in accordance with Section 3.02(c), in respect of any Loan Currency other than Euro, LIBOR, and in respect of Euro, Euribor; and (ii) if a determination is made in accordance with Section 3.02(c), such other reference rate and any spread for the Loan Currency as ADB shall reasonably determine and promptly notify the Borrower and the Guarantor.

- (b) A new subsection 3.02(c) shall be inserted after subsection 3.02(b) as follows:

Section 3.02(c). If interest on any amount of the Loan is calculated based on LIBOR or Euribor, and ADB determines that (i) such Reference Rate has permanently ceased to be quoted for the relevant Loan Currency or a public statement or publication of information by the regulatory supervisor for the administrator of the Reference Rate announcing such Reference Rate is no longer representative has been made or (ii) ADB is no longer able, or it is no longer commercially acceptable for ADB, to continue to use such Reference Rate for purposes of its asset and liability management, ADB shall apply such other Reference Rate for the relevant Loan Currency, including any applicable spread, as it may reasonably determine. ADB shall promptly notify the Borrower and the Guarantor of such other reference rate and any spread, and of related amendments to the provisions of the Loan Agreement necessary to give effect to its application, which shall become effective as of the date of such notice.

- (c) The term "Project" wherever it appears in the Loan Regulations as a defined term, shall be substituted by the term "PRF Activities".
- (d) 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 project expected 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) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2017, as amended from time to time);

(h) "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;

(i) "PAM" means the project administration manual for the PRF Activities dated September 2021 and agreed between the Borrower, the PRF EA and ADB, as updated from time to time in accordance with the respective administrative procedures of the Borrower, the PRF EA, and ADB;

(j) "PMU" means Project Management Unit set up in the PRF EA for the PRF Activities;

(k) "PRF Executing Agency" or "PRF EA" for the purposes of and within the meaning of, the Loan Regulations means the State, acting through its UDPAD, or any successor thereto, which is responsible for the carrying out of the PRF Activities;

(l) "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;

(m) "Procurement Policy" means ADB's Procurement Policy - Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time);

(n) "Procurement Regulations" means ADB's Procurement Regulations for ADB Borrowers – Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time);

(o) "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;

(p) "Services" means Consulting Services and Nonconsulting Services;

(q) "SPS" means ADB's Safeguard Policy Statement (2009);

(r) "State" means State of Mizoram; and

(s) "Steering Committee" means the project steering committee chaired by the Chief Secretary that will be formed to oversee the implementation of the PRF activities and the ensuing project. It will consist of senior officers from the State's UDPAD, Finance Department, Land Revenue & Settlement Department, Public Works Department, Power and Electricity Department, Public Health Engineering Department, Law and Judicial Department, and the Aizawl Municipal Corporation.

ARTICLE II

The Loan

Section 2.01. (a) ADB agrees to lend to the Borrower from ADB's ordinary capital resources an amount of four million and five hundred thousand Dollars (\$4,500,000).

(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) LIBOR; 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 April and 15 October 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 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 on 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 31 March 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 and operation of Project facilities, 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 take all actions or cause the State 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 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 the 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 the 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


Rajat Kumar Mishra
Additional Secretary (MBC)
Department of Economic Affairs

26/10/2021

ASIAN DEVELOPMENT BANK

By


Takeo Konishi
Country Director

SCHEDULE 1

Description of the PRF Activities

1. The PRF Activities shall comprise project preparatory activities in the form of following outputs:

Output 1: Comprehensive mobility plan for Aizawl prepared.

Output 2: Feasibility studies and project preparatory activities for the Ensuing Project completed.

Output 3: Project implementation capacity of the PRF EA strengthened.

2. Unless otherwise agreed between the Borrower, the 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 30 September 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.

Sequence	Date Payment Due	Installment Share (Expressed as a %)
1	15 April 2025	4.166667
2	15 October 2025	4.166667
3	15 April 2026	4.166667
4	15 October 2026	4.166667
5	15 April 2027	4.166667
6	15 October 2027	4.166667
7	15 April 2028	4.166667
8	15 October 2028	4.166667
9	15 April 2029	4.166667
10	15 October 2029	4.166667
11	15 April 2030	4.166667
12	15 October 2030	4.166667
13	15 April 2031	4.166667
14	15 October 2031	4.166667
15	15 April 2032	4.166667
16	15 October 2032	4.166667
17	15 April 2033	4.166667
18	15 October 2033	4.166667
19	15 April 2034	4.166667
20	15 October 2034	4.166667
21	15 April 2035	4.166667
22	15 October 2035	4.166667
23	15 April 2036	4.166667
24	15 October 2036	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 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 an agreed expenditures in that Category, ADB may, in consultation with and by notice to the Borrower and 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 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	4,500,000	100% of total expenditure claimed*
	TOTAL	4,500,000	

* Excluding taxes and duties imposed within the territory of Borrower

SCHEDULE 4

Execution of PRF Activities

Implementation Arrangements

1. The Borrower, the State, and the PRF EA, shall all 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 the PRF EA to ensure that (its PMU employs sufficient staff as indicated 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 Steering Committee shall meet regularly to monitor and facilitate smooth PRF activities implementation. The PRF EA will seek periodic guidance from the Steering Committee, ensure that the PMU is are 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 PRF Activities, grievances if any from stakeholders relating to the PRF Activities 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 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 ensure, 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 will 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 the 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; and

- (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 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 the PRF EA's liabilities arising from any Consulting Services contract.

Governance and Anticorruption

7. The Borrower shall ensure and cause the State, and the PRF EA to ensure that each shall (a) comply with ADB's Anticorruption Policy (1998, as amended to date), (b) shall ensure that the anticorruption provisions acceptable to ADB, the 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 the Ensuing Project, including provisions specifying the right of ADB to review and examine the records and accounts of the PRF EA, and all contractors, suppliers, consultants, and other service providers as they relate to the PRF Activities and the Ensuing Project, and as included in the PAM; (c) shall 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 the 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 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.