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LOAN NUMBER 3223-IND

LOAN AGREEMENT  
(Ordinary Operations)

(Infrastructure Development Investment Program for Tourism – Tranche 3)

between

INDIA

and

ASIAN DEVELOPMENT BANK

DATED 28 SEPTEMBER 2015

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IND 40648

**LOAN AGREEMENT  
(Ordinary Operations)**

LOAN AGREEMENT dated 28 September 2015 between INDIA, acting by its President ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) by a framework financing agreement dated 24 August 2010 between the Borrower and ADB, ADB has agreed to provide a multitranche financing facility to the Borrower for purposes of financing projects under the Infrastructure Development Investment Program for Tourism ("Investment Program");

(B) by a periodic financing request dated 22 October 2014, the Borrower has applied to ADB for a loan for the purposes of the Project described in Schedule 1 to this Loan Agreement;

(C) the Project will be carried out by (i) the State of Himachal Pradesh, acting through its Department of Tourism and Civil Aviation for Part A; (ii) the State of Punjab, acting through its Department of Tourism for Part B; and (iii) the State of Uttarakhand, acting through its Department of Tourism, for Part C; and for this purpose the Borrower will make available to each State (as hereafter defined) the applicable portion of the proceeds of the Loan provided for herein upon terms and conditions mutually satisfactory to ADB and the Borrower; and

(D) 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 the Project Agreements of even date herewith between ADB and each State;

NOW THEREFORE the parties hereto agree as follows:

**ARTICLE I**

**Loan Regulations; Definitions**

Section 1.01. All the provisions of the Ordinary Operations Loan Regulations Applicable to LIBOR-Based Loans Made from ADB's Ordinary Capital Resources, dated 1 July 2001 ("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 3.03 is deleted and the following is substituted therefor:

**Commitment Charge; Credit.**

(a) The Borrower shall pay a commitment charge on the unwithdrawn amount of the Loan at the rate and on the terms specified in the Loan Agreement.

(b) ADB shall provide to the Borrower a credit at the rate specified in the Loan Agreement, which credit shall remain fixed for the term of the Loan. ADB shall apply the credit against the interest payable by the Borrower.

- (b) Section 3.06 is deleted and the following is substituted therefor:

**Rebate.** (a) Following any announcement by ADB that the Fixed Spread applicable to new Loans shall be reduced, ADB shall provide a Rebate to any Borrower with an outstanding Loan on which a higher Fixed Spread is applicable. The amount of the Rebate shall be determined by multiplying (i) the difference between the Fixed Spread applicable to the outstanding Loan and the Fixed Spread that will be applied to new Loans (expressed as a percentage per annum), by (ii) the principal amount of the outstanding Loan on which the Borrower shall pay interest for all interest periods commencing on and after the effective date of the lower Fixed Spread that will be applied to new Loans.

(b) Following any announcement by ADB that its Funding Cost Margin calculations with respect to any Loan Currency (or Approved Currency) in any Semester resulted in ADB achieving savings, ADB shall provide a Rebate to the Borrower. The amount of the Rebate shall be determined by multiplying (i) the Funding Cost Margin (expressed as a percentage per annum) by (ii) the principal amount of the Loan on which the Borrower shall pay interest for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated. ADB shall apply the amount of the Rebate against the interest payable by the Borrower for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated.

- (c) Section 3.07 is deleted and the following is substituted therefor:

**Surcharge.** (a) Following any announcement by ADB that the Fixed Spread applicable to new Loans shall be increased, any Borrower with an outstanding Loan on which a lower Fixed Spread is applicable shall pay ADB a Surcharge. The amount of the Surcharge shall be determined by multiplying (i) the difference between the Fixed Spread that will be applied to new Loans and the Fixed Spread applicable to

the outstanding Loan (expressed as a percentage per annum), by (ii) the principal amount of the outstanding Loan on which the Borrower shall pay interest for all interest periods commencing on and after the effective date of the higher Fixed Spread that will be applied to new Loans.

(b) Following any announcement by ADB that its Funding Cost Margin calculations with respect to any Loan Currency (or Approved Currency) in any Semester resulted in ADB incurring additional costs, the Borrower shall pay ADB a Surcharge. The amount of the Surcharge shall be determined by multiplying (i) the Funding Cost Margin (expressed as a percentage per annum) by (ii) the principal amount of the Loan on which the Borrower shall pay interest for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated. ADB shall add the amount of the Surcharge to the interest payable by the Borrower for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated.

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) “Consulting Guidelines” means the Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers (2013, as amended from time to time);

(b) “Consulting Services” means the services to be financed out of the proceeds of the Loan as described in paragraph 6 of Schedule 1 to this Loan Agreement;

(c) “Environmental Assessment and Review Framework” or “EARF” means the environmental assessment and review framework for the Investment Program, including any update thereto, prepared and submitted by the Borrower through the Project Executing Agencies and cleared by ADB, and incorporated by reference in the FFA;

(d) “Environmental Management Plan” or “EMP” means each environmental management plan for a Subproject, including any update thereto, incorporated in the IEE;

(e) “Environmental Safeguards” means the principles and requirements set forth in Chapter V, Appendix 1, and Appendix 4 (as applicable) of the Safeguard Policy Statement (SPS, 2009);

(f) “Facility” means the multitranche financing facility provided by ADB to the Borrower for purposes of financing projects under the Investment Program;

(g) “FFA” means the framework financing agreement dated 24 August 2010 between ADB and the Borrower with respect to the Facility;

(h) “Financing Arrangements” mean the arrangements between the Borrower and each State as per current policy of the Borrower, and acceptable to ADB;

(i) “Goods” means equipment and materials to be financed out of the proceeds of the Loan, including related services such as transportation, insurance, installation, commissioning, training, and initial maintenance, but excluding Consulting Services;

(j) “Indigenous Peoples Plan” or “IPP” means an indigenous peoples plan for a Subproject, including any update thereto, prepared and submitted by the Borrower through the relevant Project Executing Agency pursuant to the requirements set forth in the IPPF and cleared by ADB;

(k) “Indigenous Peoples Planning Framework” or “IPPF” means the indigenous peoples planning framework for the Investment Program, including any update thereto, prepared and submitted by the Borrower through the Project Executing Agencies and cleared by ADB, and incorporated by reference in the FFA;

(l) “Indigenous Peoples Safeguards” means the principles and requirements set forth in Chapter V, Appendix 3, and Appendix 4 (as applicable) of the SPS;

(m) “Initial Environmental Examinations” or “IEE” means each initial environmental examination for a Subproject, including any update thereto, prepared and submitted by the Borrower through the relevant Project Executing Agency pursuant to the requirements set forth in the EARF and cleared by ADB;

(n) “Involuntary Resettlement Safeguards” means the principles and requirements set forth in Chapter V, Appendix 2, and Appendix 4 (as applicable) of the SPS;

(o) “Loan Disbursement Handbook” means ADB’s Loan Disbursement Handbook (2012, as amended from time to time);

(p) “M/F” means Male/Female;

(q) “PAM” means the project administration manual for tranche 3 of the Facility dated 17 November 2014 and agreed between the Borrower, the States and ADB, as updated from time to time in accordance with the respective administrative procedures of the Borrower, the States and ADB;

(r) “Part A” means the part of the Project to be implemented in the State of Himachal Pradesh, as discussed in paragraph 3 of Schedule 1 to this Loan Agreement;

(s) “Part B” means the part of the Project to be implemented in the State of Punjab, as discussed in paragraph 4 of Schedule 1 to this Loan Agreement;

(t) “Part C” means the part of the Project to be implemented in the State of Uttarakhand, as discussed in paragraph 5 of Schedule 1 to this Loan Agreement;

(u) “PFR” means the periodic financing request submitted or to be submitted by the Borrower, for the purposes of each loan under the Facility, and for the

purpose of this Loan Agreement means the periodic financing request dated 22 October 2014;

(v) “PIUs” means the project implementation units established for the Investment Program and the Project;

(w) “PMUs” means the project management units established for the Investment Program and the Project;

(x) “Procurement Guidelines” means ADB’s Procurement Guidelines (2013, as amended from time to time);

(y) “Procurement Plan” means the procurement plan for the Project dated 17 November 2014 and agreed between the Borrower, the State, the Project Executing Agencies and ADB, as updated from time to time in accordance with the Procurement Guidelines, the Consulting Guidelines, and other arrangements agreed with ADB;

(z) “Project” means the project to be financed under tranche 3 of the Facility;

(aa) “Project Executing Agency” means, in respect of Part A, the State of Himachal Pradesh acting through its Department of Tourism and Civil Aviation; in respect of Part B, the State of Punjab acting through its Department of Tourism; and in respect of Part C, the State of Uttarakhand acting through its Department of Tourism;

(bb) “Project facilities” means the facilities to be constructed, rehabilitated or improved under the Project;

(cc) “Resettlement Framework” or “RF” means the resettlement framework for the Investment Program, including any update thereto, prepared and submitted by the Borrower through the Project Executing Agencies and cleared by ADB, and incorporated by reference in the FFA;

(dd) “Resettlement Plan” or “RP” means a resettlement plan for a Subproject, including any update thereto, prepared and submitted by the Borrower through the relevant Project Executing Agency pursuant to the requirements set forth in the RF and cleared by ADB;

(ee) “Safeguard Policy Statement” or “SPS” means ADB’s Safeguard Policy Statement (2009);

(ff) “Safeguards Monitoring Report” means each report prepared and submitted by the State to ADB that describes progress with implementation of, and compliance with, the EMPs, any RP and any IPP (as applicable), including any corrective and preventative actions;

(gg) “State” means, as applicable, the State of Himachal Pradesh, the State of Punjab or the State of Uttarakhand;

(hh) “Subproject” means any of the subprojects under the Project;

(ii) “ULB” means urban local body; and

(jj) “Works” means construction or civil works to be financed out of the proceeds of the Loan, including services such as drilling or mapping, and project related services that are provided as part of a single responsibility or turnkey contract, but excluding Consulting Services.

## **ARTICLE II**

### **The Loan**

Section 2.01. (a) ADB agrees to lend to the Borrower from ADB's ordinary capital resources an amount of one hundred twenty three million five hundred ten thousand Dollars (\$123,510,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.06 of this Loan Agreement.

(b) The Loan has a principal repayment period of 15 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 set forth in Schedule 2 to this Loan Agreement.

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. The Borrower shall pay a commitment charge of 0.15% per annum. Such charge shall accrue on the full amount of the Loan (less amounts withdrawn from time to time), commencing 60 days after the date of this Loan Agreement.

Section 2.04. Interest and other charges on the Loan shall be payable semiannually on 01 June and 01 December in each year.

Section 2.05. 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 2.06. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management:

- (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, whether withdrawn and outstanding or unwithdrawn, to an Approved Currency;
- (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding from a Floating Rate to a Fixed Rate, or vice versa; and
- (iii) the setting of limits on the Floating Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on said Floating Rate.

(b) Any conversion requested pursuant to subsection (a) hereinabove that is accepted by ADB shall be considered a "Conversion", as defined in Section 2.01(6) of the Loan Regulations, and shall be effected in accordance with the provisions of Article V of the Loan Regulations and the Conversion Guidelines.

### **ARTICLE III**

#### **Use of Proceeds of the Loan**

Section 3.01. The Borrower shall make the applicable portion of the proceeds of the Loan available to each Project Executing Agency upon terms and conditions mutually agreeable to ADB and the Borrower, and shall cause each Project Executing Agency to apply such proceeds to the financing of expenditures on the Project in accordance with the provisions of this Loan 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 procure, or cause to be procured, the items of expenditure to be financed out of the proceeds of the Loan in accordance with the provisions of Schedule 4 to this 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 3.04. Except as ADB may otherwise agree, the Borrower shall cause all items of expenditure financed out of the proceeds of the Loan to be used exclusively in the carrying out of the Project.

Section 3.05. The Loan Closing Date for the purposes of Section 9.02 of the Loan Regulations shall be 30 June 2020 or such other date as may from time to time be agreed between the Borrower and ADB.



## ARTICLE IV

### Particular Covenants

Section 4.01. (a) The Borrower shall cause the Project to be carried out by the Project Executing Agencies with due diligence and efficiency and in conformity with sound applicable technical, financial, business, and development practices.

(b) In the carrying out of the Project and operation of the Project facilities, the Borrower shall perform, or cause to be performed by the Project Executing Agencies, all obligations set forth in Schedule 5 to this Loan Agreement.

Section 4.02. The Borrower shall make available, or cause to be made available by the States, promptly as needed, the funds, facilities, services, land and other resources, as required, in addition to the proceeds of the Loan, for the carrying out of the Project.

Section 4.03. (a) In the carrying out of the Project, the Borrower shall cause competent and qualified consultants and contractors, acceptable to ADB to be employed to an extent and upon terms and conditions satisfactory to the Borrower and ADB.

(b) The Borrower shall cause the Project to be carried out in accordance with plans, design standards, specifications, work schedules and construction methods acceptable to the Borrower and ADB, as applicable. The Borrower 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 4.04. The Borrower shall ensure or cause the State to ensure that the activities of its departments and agencies with respect to the carrying out of the Project and operation of the Project facilities are conducted and coordinated in accordance with sound administrative policies and procedures.

Section 4.05. The Borrower shall enable ADB's representatives to inspect the Project, the Goods and Works, and any relevant records and documents.

Section 4.06. ADB shall disclose the annual audited financial statements for the Project and the opinion of the auditors on the financial statements within 30 days of the date of their receipt by posting them on ADB's website.

Section 4.07. The Borrower shall ensure that any facilities relevant to the Project are operated, maintained and repaired in accordance with sound applicable technical, financial, business, development, operational and maintenance practices.

Section 4.08. In so far as it relates to the Project, the Borrower shall take all actions which shall be necessary on its part to enable each Project Executing Agency 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 4.09. (a) In so far as it relates to the Project, 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 Project, 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 VII**

### **Miscellaneous**

Section 6.01. The Secretary, Additional Secretary, Joint Secretary, Director, or Deputy Secretary, in the Department of Economic Affairs of the 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) 2309-2511.

For ADB


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

Facsimile Numbers:

(63-2) 636-2444  
(63-2) 636-2293.

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  28.9.15  
RAJ KUMAR  
Joint Secretary (MI)  
Department of Economic Affairs

ASIAN DEVELOPMENT BANK

By   
M. TERESA KHO  
Country Director

## SCHEDULE 1

### Description of the Project

1. The Investment Program targets enhanced economic growth and provision of livelihood opportunities for local communities through tourism and infrastructure development with a focus on preservation and development of natural and cultural heritage and incidental services. The Project will support the States of Himachal Pradesh, Punjab and Uttarakhand, to develop the tourism sector as a key driver for economic growth.

2. As part of the Investment Program, the Project aims to enhance the tourism environment of States of Himachal Pradesh, Punjab and Uttarakhand through subprojects under 5 different components of the Investment Program.

3. Part A of the Project comprises the following subprojects in the State of Himachal Pradesh, all as more fully described in the PFR:

Component 1: Enhanced quality of natural and cultural attractions. Support the following in 8 tourist clusters inclusive of management-plan based investments:

- (a) conservation of 11 heritage structures (temples, sacred ponds, churches, ghats) in ten towns (Bilaspur, Chamba, Jwalaji, Mcleodganj, Masroor, Kangra, Mandi, Haroli, Shimla, Rampur) to professionally accepted standards;
- (b) development of 4 centers for traditional arts and crafts in four towns (Mcleodganj, Manali, Haroli, Nagrota Bagwan), and a tourism cultural center in Shimla;
- (c) upgrading of 1 eco-park in Shimla; and
- (d) development of 1 eco-tourism boating facility (Pong Dam).

Component 2: Greater participation by local communities in tourism-related economic and livelihood activities.

- (a) operationalization of at least 6 community-based societies in five districts (Shimla, Solan, Kullu, Kangra, Chamba) in the management of natural and cultural sites with equal representation of women; and
- (b) employment of at least 500 persons in tourism support activities at attractions supported under the project (M-350/F-150).

Component 3: Improved basic urban infrastructure and incidental services at tourist destinations and gateways. Improvement of basic tourist facilities and amenities in four tourist attractions (Mandi, Dharamshala, Jwalaji, Chamba,) by constructing toilets (M/F), drinking water facilities, solid waste management, drainage, parking, street lighting, street furniture, and signage.

Component 4: Improved connectivity to tourist attractions. Improvements made to approximately 12 km of existing approach roads for last-mile connectivity at selected tourist destinations and attractions in Shimla and Mcleodganj.

Component 5: Strengthened capacity of sector agencies and local communities.

- (a) provision of operational cost of the PMU and the PIUs;
- (b) engagement of one project management consultant and two design and supervision consultants;
- (c) training of 1,000 community members in tourism-related skills (e.g., guides, crafts, recreational activities, etc.) (M-500/F-500);
- (d) development and dissemination of gender-sensitive marketing materials (print and electronic), guidebooks and brochures on tourist destinations;
- (e) preparation of 2 tourism management plans (Shimla and Jwalaji);
- (f) preparation of 2 mobility plans (Dharamshala/Mcleodganj, and Mandi);
- (g) preparation of 1 state-wide heritage management plan; and
- (h) outsourcing of operation and management of 6 facilities (craft centers, cultural centers, eco-tourism boating, and parking) in Manali, Nagrota, Haroli, Mcleodganj, and Shimla to the private sector.

4. Part B of the Project comprises the following subprojects in the State of Punjab, all as more fully described in the PFR:

Component 1: Enhanced quality of natural and cultural attractions. Support the following in 5 tourist clusters inclusive of management-plan/master-plan based investments:

- (a) conservation of 33 heritage structures (mosques, temples, forts, palaces, gates, gardens, cemeteries, pillars) in 6 districts (Patiala, Sri Fatehgarh Sahib, Amritsar, Kapurthala, Tarn Taran, Gurdaspur) to professionally accepted standards;
- (b) development of one new heritage walk in Patiala;
- (c) development of 3 cultural craft resource centers (Patiala, Chandigarh, Sangrur); and
- (d) development of 10 bird watch towers in 2 natural areas (Ropar, Harike wetlands).

Component 2: Greater participation by local communities in tourism-related economic and livelihood activities.

- (a) operationalization of at least 4 community-based societies in four districts (Patiala, Ropar, Gurdaspur, Amritsar) in the management of natural and cultural heritage sites with equal representation of women; and
- (b) employment of at least 800 persons in tourism support activities at attractions supported under the project (M-550/F-250).

Component 3: Improved basic urban infrastructure and incidental services at tourist destinations and gateways. Improvement of basic tourist facilities and amenities in 4 tourist attractions (Amritsar, Kapurthala, Chhatbir Zoo, Sikh heritage route) and 4 rural villages (Bahadurpur, Tibba Taparian, Ranjitpura, Katli) supporting homestays by constructing toilets (M/F), drinking water facilities, solid waste management, drainage, parking, street lighting, street furniture, interpretation facilities, and signage.

Component 4: Improved connectivity to tourist attractions.

- (a) improvements of approximately 20.0 km of existing approach road; and
- (b) improvements of 9.0 km of existing trekking trails in 2 natural areas (Harike and Ropar wetlands).

Component 5: Strengthened capacity of sector agencies and local communities.

- (a) provision of cost of the PMU and the PIUs;
- (b) engagement of one project management consultant and one design and supervision consultant;
- (c) training of 3,000 community members in tourism-related skills (e.g., guides, crafts, recreational activities, etc.) (M-2,100/F-900);
- (d) development and dissemination of gender-sensitive marketing materials (print and electronic), guidebooks/brochures/posters, etc. on tourist destinations;
- (e) preparation of 3 tourist destination management plans (Patiala, Kapurthala, natural heritage) and 1 site management plan for Gobindgarh Fort inclusive of O&M and business strategy;
- (f) preparation of 2 guidelines for conservation of heritage buildings and promoting PPP in tourism; and

- (g) outsourcing of operation and management of at least 3 facilities (Town Hall in Amritsar, Gol Kothi in Kapurthala, Nabha Fort in District Patiala) to the private sector.

5. Part C of the Project comprises the following subprojects in the State of Uttarakhand, all as more fully described in the PFR:

Component 1: Enhanced quality of natural and cultural attractions. Support the conservation of 14 heritage structures (forts, temples churches, sacred ponds) and their surrounding areas in 6 towns (Nainital, Almora, Pithoragarh, Champawat, Jageshwar, Tungnath) to professionally accepted standards in 7 tourist clusters inclusive of management-plan based investments.

Component 2: Greater participation by local communities in tourism-related economic and livelihood activities.

- (a) operationalization of at least 20 community-based societies in 9 districts (Dehradun, Uttarkashi, Chamoli, Rudraprayag, Pauri, Tehri, Pithoragarh, Almora, Nainital) in the management of natural and cultural heritage sites with equal representation of women; and
- (b) employment of at least 500 persons in tourism support activities at attractions supported under the project (M-350/F-150).

Component 3: Improved basic urban infrastructure and incidental services at tourist destinations and gateways.

- (a) improvement of basic tourist facilities and amenities in 2 tourist sites (Sem Mukhem, Kartikeya Swami) and 20 rural villages supporting homestays by constructing toilets (M/F), drinking water facilities, solid waste management, drainage, parking, street lighting, street furniture, interpretation facilities, signage; and
- (b) provision of solar power facilities at 64 tourist rest houses.

Component 4: Improved connectivity to tourist attractions.

- (a) improvements of approximately 11.3 km of existing approach road and pedestrian walkway at Haridwar pilgrim route;
- (b) improvement of 42.5 km of existing trekking trails in five natural areas (Nainital, Tungnath, Jageshwar, Sem Mukhem, Kartikeya Swami); and
- (c) development of 1.5 km pedestrian walkway around Nainital Lake.

Component 5: Strengthened capacity of sector agencies and local communities.

- (a) provision of operational cost of the PMU and the PIUs;



- (b) engagement of one project management consultant and three design and supervision consultants;
  - (c) training of 400 community members in tourism-related skills (e.g., guides, crafts, recreational activities, etc.) (M-200/F-200);
  - (d) development and dissemination of gender-sensitive marketing materials (print and electronic), guidebooks/brochures/posters, etc. on tourist destinations;
  - (e) preparation of one events management plan at Haridwar pilgrim route;
  - (f) two mobility plans at Nainital and Mussoorie;
  - (g) preparation of one updated state Tourism Policy;
  - (h) development of state-wide tourist inflow management system; and
  - (i) outsourcing of operation and management of at least 7 facilities (including parking, biking, guest houses, tourist inflow management system, adaptive reuse of forts) to the private sector.
6. The Project includes Consulting Services in relation to each of the components.
7. The Project is expected to be completed by 31 December 2019.

**SCHEDULE 2****Amortization Schedule****(Infrastructure Development Investment Program for Tourism – Tranche 3)**

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, such repayment amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

Date Payment Due	Payment of Principal (Expressed in Dollars)
01 June 2020	4,117,000
01 December 2020	4,117,000
01 June 2021	4,117,000
01 December 2021	4,117,000
01 June 2022	4,117,000
01 December 2022	4,117,000
01 June 2023	4,117,000
01 December 2023	4,117,000
01 June 2024	4,117,000
01 December 2024	4,117,000
01 June 2025	4,117,000
01 December 2025	4,117,000
01 June 2026	4,117,000
01 December 2026	4,117,000
01 June 2027	4,117,000
01 December 2027	4,117,000
01 June 2028	4,117,000
01 December 2028	4,117,000
01 June 2029	4,117,000
01 December 2029	4,117,000
01 June 2030	4,117,000
01 December 2030	4,117,000
01 June 2031	4,117,000
01 December 2031	4,117,000
01 June 2032	4,117,000
01 December 2032	4,117,000
01 June 2033	4,117,000
01 December 2033	4,117,000
01 June 2034	4,117,000
01 December 2034	<u>4,117,000</u>
<b>TOTAL</b>	<b>123,510,000</b>

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.

(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, such repayment amounts to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. Withdrawals made within two 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.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the withdrawn principal amount of the Loan to an Approved Currency, the amount so converted in said Approved Currency that shall be repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by ADB by multiplying such amount in its currency of denomination immediately prior to said Conversion by either: (i) the exchange rate that reflects the amounts of principal in said Approved Currency payable by ADB under the Currency Hedge Transaction relating to said Conversion; or (ii) if ADB so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

5. If the principal amount of the Loan withdrawn and outstanding from time to time shall be denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

### 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 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, (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, 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 for reimbursement of eligible expenditures incurred under the Project before the Effective Date, but not earlier than 12 months before the date of this Loan Agreement, subject to a maximum amount equivalent to 20% of the Loan amount.

TABLE

<b>ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS</b> <b>(Infrastructure Development Investment Program for Tourism – Tranche 3)</b>				
<b>Number</b>	<b>Item</b>	<b>Total Amount Allocated for ADB Financing (\$)</b>		<b>Basis for Withdrawal from the Loan Account</b>
		<b>Category</b>	<b>Subcategory</b>	
<b>1</b>	<b>Civil Works</b>	65,783,000		
1A	Himachal Pradesh		23,446,000	68% of total expenditure claimed
1B	Uttarakhand		16,471,000	65% of total expenditure claimed
1C	Punjab		25,866,000	69% of total expenditure claimed
<b>2</b>	<b>Equipment</b>	8,374,000		
2A	Himachal Pradesh		1,222,000	68% of total expenditure claimed
2B	Uttarakhand		7,152,000	87% of total expenditure claimed
<b>3</b>	<b>Consultation Services</b>	17,898,000		
3A	Himachal Pradesh		7,630,000	88% of total expenditure claimed
3B	Uttarakhand		5,668,000	76% of total expenditure claimed
3C	Punjab		4,600,000	87% of total expenditure claimed
<b>4</b>	<b>Marketing, Training and Survey</b>	2,173,000		
4A	Himachal Pradesh		745,000	63% of total expenditure claimed
4B	Uttarakhand		528,000	76% of total expenditure
4C	Punjab		900,000	87% of total expenditure claimed
<b>5</b>	<b>Project Administration</b>	7,466,000		
5A	Himachal Pradesh		3,000,000	100% of total expenditure*
5B	Uttarakhand		1,320,000	88% of total expenditure*
5C	Punjab		3,146,000	100% of total expenditure*
<b>6</b>	<b>Unallocated</b>	21,816,000		
6A	Himachal Pradesh		7,467,000	
6B	Uttarakhand		7,201,000	
6C	Punjab		7,148,000	
	<b>Total</b>	<b>123,510,000</b>		

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

## SCHEDULE 4

### Procurement of Goods, Works and Consulting Services

#### General

1. The procurement of Goods, Works and Consulting Services shall be subject to and governed by the Procurement Guidelines, and the Consulting Guidelines, respectively.
2. All terms used in this Schedule and not otherwise defined in this Loan Agreement have the meanings provided in the Procurement Guidelines and/or the Consulting Guidelines, as applicable.

#### Goods and Works

3. Except as ADB may otherwise agree, Goods and Works shall only be procured on the basis of the methods of procurement set forth below:
  - (a) International Competitive Bidding;
  - (b) National Competitive Bidding; and
  - (c) Force Account.
4. The methods of procurement are subject to, among other things, the detailed arrangements and threshold values set forth in the Procurement Plan. The Borrower may only modify the methods of procurement or threshold values with the prior agreement of ADB, and modifications must be set out in updates to the Procurement Plan.

#### National Competitive Bidding

5. The Project Executing Agency's standard bidding documents and procurement procedures, used for national competitive bidding (civil works / goods) as in use by the Project Executing Agency were reviewed by ADB. These were further revised for consistency with ADB requirements, and shall apply to the Project. The Project Executing Agency shall submit any modifications to such standard bidding documents and procurement procedures to ADB, together with justification, for ADB's prior approval and incorporation in the Procurement Plan and use under the national competitive bidding.

#### Condition for Issuing Bid

6. The Borrower shall ensure or cause each Project Executing Agency to ensure that "no objection" certificates are obtained from relevant government departments, or equivalent evidence of no objection from private parties whose property is intended to be subject to façade beautification under the Project, and submitted to ADB prior to bids being issued.

#### Condition for Award of Contract

7. The Borrower shall ensure or cause each Project Executing Agency to ensure that no Works contract is awarded for a Subproject which involves environment impacts until

the Project Executing Agency has incorporated the relevant provisions from the EMP into the Works contract.

#### Consulting Services

8. Except as ADB may otherwise agree the Borrower shall apply quality- and cost-based selection for selecting and engaging Consulting Services.

#### Industrial or Intellectual Property Rights

9. (a) Each Project Executing Agency shall ensure that all Goods and Works procured (including without limitation 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.

(b) Each Project Executing Agency shall ensure that all contracts for the procurement of Goods and Works contain appropriate representations, warranties and, if appropriate, indemnities from the contractor or supplier with respect to the matters referred to in subparagraph (a) of this paragraph.

10. Each Project Executing Agency shall ensure that all ADB-financed contracts with consultants contain appropriate representations, warranties and, if appropriate, indemnities from the consultants to ensure that the Consulting Services provided do not violate or infringe any industrial property or intellectual property right or claim of any third party.

#### ADB's Review of Procurement Decisions

11. Contracts procured under international competitive bidding procedures and contracts for Consulting Services shall be subject to prior review by ADB, unless otherwise agreed between the Borrower and ADB and set forth in the Procurement Plan.

## SCHEDULE 5

### Execution of Project; Financial Matters

#### Implementation Arrangements

1. The Borrower, the States and the Project Executing Agencies shall ensure that the Project is 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 relevant State, the relevant Project Executing Agency 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 Project Executing Agencies to ensure that the PMUs and the PIUs employ sufficient staff with adequate and relevant expertise in the field of project management, financial management, engineering, architectural design, eco-tourism, community tourism, heritage management, procurement, environmental and social safeguards implementation, and marketing. The Borrower shall ensure or cause the Project Executing Agencies to ensure that the PMUs and the PIUs are equipped with the necessary office space, facilities, equipment, support staff and management information systems for the entire duration of the Project. The Borrower shall ensure or cause the Project Executing Agencies to ensure that best efforts are undertaken that the same persons will continue to be assigned to key positions in the PMUs and the PIUs for the entire duration of the Project, including, without limitation, the heads of the PMUs and the PIUs.

3. (a) The States and the Project Executing Agencies shall ensure that towards smooth implementation of the Project, grievances if any from stakeholders relating to any Subproject implementation or use of funds are addressed effectively and efficiently.

(b) The Borrower shall ensure that the States and the Project Executing Agencies comply with all the requirements and obligations on their parts in this Loan Agreement and the relevant Project Agreement to meet the objectives of the Project in a timely and efficient manner.

#### Counterpart Support

4. The States shall make available the loan proceeds to the relevant Project Executing Agencies under appropriate arrangements acceptable to ADB, and ensure:

- (a) sufficient counterpart funds from its budget for each fiscal year, in a timely manner, for the efficient implementation of the Project; and
- (b) adequate funds towards operations and maintenance of Project facilities, through budgetary allocations or other means, to be provided to the Project Executing Agencies, during and after Subprojects' completion.



Selection Criteria and Approval Process for Subprojects

5. The Borrower shall ensure or cause the Project Executing Agencies to ensure that (i) all Subprojects are selected and approved in accordance with the selection criteria and approval process stipulated in Schedule 4 to the FFA, and (ii) Works in respect of a Subproject do not substantially duplicate construction or civil works at Subproject sites financed by other sources, including the Borrower or the States.

Environment

6. The Borrower shall ensure or cause the Project Executing Agencies to ensure that the preparation, design, construction, implementation, operation and decommissioning of each Subproject and all Project facilities comply with (a) all applicable laws and regulations of the Borrower and the relevant State relating to environment, health, and safety; (b) the Environmental Safeguards; (c) the EARF; and (d) all measures and requirements set forth in the respective IEE and EMP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

Land Acquisition and Involuntary Resettlement

7. The Borrower shall ensure or cause the Project Executing Agencies to ensure that all land and all rights-of-way required for a Subproject and any Project facilities are made available to the Works contractor in accordance with the schedule agreed under the related Works contract and all land acquisition and resettlement activities are implemented in compliance with (a) all applicable laws and regulations of the Borrower and the relevant State relating to land acquisition and involuntary resettlement; (b) the Involuntary Resettlement Safeguards; (c) the RF; and (d) all measures and requirements set forth in the respective RP, if any, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

8. Without limiting the application of the Involuntary Resettlement Safeguards, the RF or any RP, the Borrower shall ensure or cause the Project Executing Agencies to ensure that no physical or economic displacement takes place in connection with a Subproject until:

- (a) compensation and other entitlements have been provided to affected people in accordance with the relevant RP; and
- (b) a comprehensive income and livelihood restoration program has been established in accordance with the relevant RP.

Indigenous Peoples

9. The Borrower shall ensure or cause the Project Executing Agencies to ensure that the Project does not have any impact on indigenous peoples within the meaning of the Safeguard Policy Statement. In the event that the Project does have any such impact, the Borrower and the States will ensure that the preparation, design, construction, implementation and operation of the relevant Subproject comply with (a) all applicable laws and regulations of the Borrower and the relevant State relating to indigenous peoples; (b) the Indigenous Peoples Safeguards; (c) the IPPF; and (d) all measures and requirements set

forth in the respective IPP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.

#### Human and Financial Resources to Implement Safeguards Requirements

10. The Borrower shall ensure or cause the Project Executing Agencies to ensure that all necessary budgetary and human resources to fully implement the EMP, any RP and any IPP, are made available.

#### Safeguards – Related Provisions in Bidding Documents and Works Contracts

11. The Borrower shall ensure or cause the Project Executing Agencies to ensure that all bidding documents and contracts for Works contain provisions that require contractors to:

- (a) comply with the measures and requirements relevant to the contractor set forth in the IEE, the EMP, any RP and any IPP (to the extent they concern impacts on affected people during construction), and any corrective or preventative actions set out in a Safeguards Monitoring Report;
- (b) make available a budget for all such environmental and social measures;
- (c) provide the States with a written notice of any unanticipated environmental, resettlement or indigenous peoples risks or impacts that arise during construction, implementation or operation of the Project that were not considered in the IEE, the EMP, the RP or the IPP (if any);
- (d) adequately record the condition of roads and other infrastructure prior to starting to transport materials and construction; and
- (e) fully reinstate pathways, other local infrastructure, and agricultural land to at least their pre-Project condition upon the completion of construction.

#### Safeguards Monitoring and Reporting

12. The Borrower shall ensure or cause the Project Executing Agency to ensure the following:

- (a) semi-annual Safeguards Monitoring Reports are submitted to ADB and relevant information from such reports is disclosed to affected persons promptly upon submission;
- (b) if any unanticipated environmental and/or social risks and impacts arise during construction, implementation or operation of the Project that were not considered in the IEE, the EMP, any RP or any IPP, ADB is promptly informed of the occurrence of such risks or impacts, with

detailed description of the event and proposed corrective action plan;  
and

- (c) any breach of compliance with the measures and requirements set forth in the relevant EMP, any RP or any IPP is disclosed promptly after it becomes aware of the breach.

#### Prohibited List of Investments

13. The Borrower shall ensure or cause the Project Executing Agencies 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.

#### Social Matters

14. The Project Executing Agencies shall ensure that civil works contracts under the Subprojects follow all applicable labor laws of the Borrower and the State and that these further include provisions to the effect that contractors; (i) carry out HIV/AIDS awareness programs for labor and disseminate information at worksites on risks of sexually transmitted diseases and HIV/AIDS as part of health and safety measures for those employed during construction; and (ii) follow and implement all statutory provisions on labor (including not employing or using children as labor, equal pay for equal work), health, safety, welfare, sanitation, and working conditions. Such contracts will also include clauses for termination in case of any breach of the stated provisions by the contractors.

#### Gender and Development

15. The Borrower shall ensure or cause the Project Executing Agencies to ensure that the Project considers gender issues at all appropriate stages of the Project particularly during design, and that the Project will be carried out in accordance with ADB's *Policy on Gender and Development* (1998) and the Gender Action Plan developed for the Project.

#### Specific Actions

16. The Borrower shall ensure or cause the Project Executing Agencies to ensure that the following actions are undertaken on a timely basis:

- (a) all consents and approvals required for implementation of the Subprojects are obtained in accordance with applicable laws and regulations of the Borrower and the relevant State, including, without limitation, (i) any consents or approvals from the Archeological Survey of India or its branches within the relevant State, where applicable, for works on or around archaeological or heritage sites, and (ii) any consents or approvals from any other agencies or third parties that have any claim or authority over the site of a Subproject;
- (b) the relevant ULB or other agencies concerned provide and maintain adequate basic infrastructure and services such as electricity, water supply, sewage and solid waste management at each tourist destination for which investments will be financed under the Project;

- (c) admission and user fees for tourist facilities rehabilitated or created under the Project will be set at levels that are sufficient to make their operation financially sustainable or, where this is not feasible, adequate funds are provided to meet any shortfall between the costs and revenues for the operation and maintenance of the relevant facilities; and
- (d) any construction or civil works at Subproject sites financed by other sources, including the Borrower or the State, will be conducted in compliance with management plans and conservation norms so as not to disturb the historic values of the sites.

#### Communications and Participation

17. The States and the Project Executing Agencies shall ensure that the Project is undertaken in conformity with the communication strategy as agreed between ADB, the Borrower, the States, and the Project Executing Agencies and referred in the PAM.

#### Procurement

18. The Borrower, the States and the Project Executing Agencies shall announce the Project and business opportunities associated with the Project on its website. The website will disclose the following information in relation to goods and services procured for the Project and Subprojects: (i) the list of participating bidders; (ii) the name of the winning bidder; (iii) the amount of the contracts awarded; and (iv) the goods and services procured. In accordance with ADB's Procurement Guidelines (2013, as amended from time to time), the published information for International Competitive Bidding contracts will also include the bid prices as read out at bid opening, the reasons for rejection of unsuccessful bidders, and the duration of the awarded contract.

#### Governance and Anticorruption

19. The Borrower, the States, and the Project Executing Agencies shall comply with ADB's Anticorruption Policy (1998, as amended to date) and (i) shall ensure that the anticorruption provisions acceptable to ADB, the Borrower, the States and the Project Executing Agencies are included in all bidding documents and contracts financed by ADB in connection with the Project, including provisions specifying the right of ADB to review and examine the records and accounts of the relevant State and the relevant Project Executing Agency and all contractors, suppliers, consultants, and other service providers as they relate to the Subprojects and the Project and as included in the PAM; (ii) shall allow and assist ADB's representatives to carry out random spot checks on the work in progress and utilization of funds for the Project; (iii) acknowledge that ADB reserves the right to investigate directly or through its agents any alleged corrupt, fraudulent, collusive or coercive practice relating to the Project; and (iv) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation, and as included in the PAM.