Financing Agreement

(Additional Financing for Youth Employment and Social Support Operation Project)

between

FEDERAL REPUBLIC OF NIGERIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated 30 August, 2016
FINANCING AGREEMENT

AGREEMENT dated 30 AUGUST 2016, entered into between the FEDERAL REPUBLIC OF NIGERIA ("Recipient") and the INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") for the purpose of providing additional financing for activities related to the Original Project (as defined in the Appendix to this Agreement). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to seventy million six hundred thousand Special Drawing Rights (SDR 70,600,000) (variously, "Credit" and "Financing"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement. The Recipient’s Representative for purposes of taking any action required or permitted to be taken pursuant to this Section is the National Coordinator, National Social Safety Net Coordinating Office, Office of the Vice President.

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to one and a quarter percent (1.25%) per annum.

2.06. The Payment Dates are February 1 and August 1 in each year.
2.07. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.08. The Payment Currency is Dollar.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient:

(a) shall carry out Part 1.1 of the Project through the Federal Ministry of Finance in collaboration with MDAs, and

(b) cause:

(i) Parts 1.2, 2 and 4 of the Project to be carried out by the NE States in their respective jurisdictions, in each case in collaboration with relevant MDAs; and

(ii) Part 3 of the Project to be carried out by the National Directorate of Employment in collaboration with NE States in their respective jurisdictions, all in accordance with the provisions of Article IV of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

4.01. The Additional Conditions of Effectiveness consist of the following:

(a) a Subsidiary Agreement has been executed on behalf of the Recipient and at least one NE State in accordance with the provisions of Section I, Part B of Schedule 2 to this Agreement and the same state has adopted its State Project Implementation Manual, in form and substance satisfactory to the Association; and

(b) The Recipient, through the Federal Ministry of Finance, has adopted the Project Implementation Manual, in form and substance satisfactory to the Association.

4.02. The Additional Legal Matter is that the Subsidiary Agreement, referred to in Section 4.01(a) of this Agreement, has been duly authorized or ratified by the
Recipient and the NE State and is legally binding upon the Recipient and the NE State in accordance with its terms.

4.03. The Effectiveness Deadline is the date sixty (60) days after the date of this Agreement.

4.04. For purposes of Section 8.05(b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty years after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. Except as provided in Section 2.02 of this Agreement, the Recipient’s Representative is its minister responsible for finance.

5.02. The Recipient’s Address is:

Federal Ministry of Finance
Ahmadu Bello Way
Abuja, Nigeria

Facsimile:

234-9-6273609

5.03. The Association’s Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable: Telex: Facsimile:

INDEVAS 248423 (MCI) 1-202-477-6391

Washington, D.C.
AGREED at Abuja, Federal Republic of Nigeria, as of the day and year first above written.

FEDERAL REPUBLIC OF NIGERIA

By

[Signature]

Authorized Representative

Name: Mrs. Kemi Adeosun

Title: Minister of Finance

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]

Authorized Representative

Name: [Redacted]

Title: Country Director
SCHEDULE 1

Project Description

The objective of the Project is to increase access of the poor and vulnerable, using improved social safety net systems, to youth employment opportunities in all Participating States and to provide Targeted Cash Transfers to the poor, vulnerable and internally displaced people (IDPs) in the NE States. The Project consists of the following parts:

Part 1. **Strengthening Social Safety Net System**

1.1. **Federal level.** Supporting social safety net programs implemented at the state level through:

   (a) supporting states to implement and monitor their social safety net programs; carrying out a communication strategy to disseminate information on these programs; and undertaking monitoring and evaluation of selected social safety interventions at the state level;

   (b) carrying out studies, reviews, and analyses on the implementation of programs under the Project and facilitating the sharing of local and international experience on Project related activities;

   (c) managing a joint account for the state level funds for the selected social safety nets interventions in the NE States; and

   (d) supporting the implementation of skills for jobs intervention by the special unit at the Federal office of the National Directorate of Employment.

1.2. **State level.** Supporting NE States to develop and implement key operational tools designed to contribute to harmonization and integration of safety net interventions at the state level through:

   (a) creating a common targeting mechanism for identifying poor and vulnerable households and individuals, including IDPs;

   (b) creating a Unified Registry of Beneficiaries (URB) in NE States using existing registers, using the common targeting mechanism referred to in (a) above;

   (c) developing a monitoring and evaluation system and an integrated management information system to track and monitor the progress made by programs at the Beneficiary level; and

   (d) adopting a common payment system for cash transfer and stipend payments under the program.
Part 2. Public Workfare Program

Carrying out Subprojects through the provision of PW Payments and Training to PW Beneficiaries as well as technical advisory services, goods and Operating Costs for managing and administering said Subprojects.

Part 3. Skills for Jobs Program

Provision of Training and Stipends to Skills for Jobs Schemes Beneficiaries.

Part 4. Targeted Cash Transfer (TCT) Program

4.1. Providing technical assistance to the Participating States to:

(a) develop, design and implement an unconditional TCT intervention for selected TCT Beneficiaries, including for IDPs, and welfare enhancing behaviors by extreme poor and vulnerable individuals and households selected from the agreed Unified Registry of Beneficiaries;

(b) develop a tracking system, monitoring and evaluation framework and management information system for their respective TCT Programs to track operations and monitor the entire cycle from the registration of TCT Beneficiaries to the conciliation of payments and exit after stipulated period; and

(c) devise an information and communication strategy.

4.2. Providing technical assistance to the NE States to implement instruments designed, developed, and tested under Sub-part 4.1 with a focus on, inter alia, monitoring and control, communication and information, management of the Unified Registry of Beneficiaries, beneficiary surveys, transparent payment system, process evaluation, and the general operation of the TCT Program.

4.3. Provision of Targeted Cash Transfers to the TCT Beneficiaries in the NE States.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

Institutional Arrangements at the Federal Level

1. Federal Operations Coordination Unit

   (a) The Recipient shall maintain, throughout the implementation of the Project, a coordination unit in the Office of the Vice President with functions, staffing and resources satisfactory to the Association.

   (b) Without limitation to the provisions of sub-paragraph (a) of this Part A.2, the Federal Operations Coordination Unit shall be responsible for, inter alia:

      (i) managing the implementation of Part 1 of the Project at the federal level; and

      (ii) coordinating the Project activities of all federal entities and state operations and implementing entities.

2. National Directorate of Employment (NDE) and other MDAs

   (a) The Recipient shall ensure that NDE maintains within its structure, throughout the implementation of the Project, a Project implementation structure tasked with implementing NDE’s functions under the Project, with functions, status, staffing and resources satisfactory to the Association.

   (b) Without limitation to the provisions of paragraph 2(a) above, NDE shall be responsible for, inter alia, managing the implementation of Part 3 of the Project in collaboration with NE States and partnership with other private sector organizations.

3. Federal Project Financial Management Division

   (a) The Recipient shall dedicate and retain throughout the implementation of the Project staff from the accounting unit of FPFMD, in adequate numbers and with qualifications and terms of reference satisfactory to the Association, to be responsible for the financial management of the Project in accordance with the provisions of this Agreement including, but not
limited to the preparation of budgets, monthly reports, interim unaudited financial reports, and annual financial statements.

(b) The Recipient shall dedicate and retain throughout the implementation of the Project staff from the internal audit unit of the FPFMD, in adequate numbers and with qualifications and terms of reference satisfactory to the Association, to perform internal audit functions for the purposes of Part 1 of the Project including, but not limited to the application and reliability of managerial, financial, operational and budgetary controls.

**Institutional Arrangements at the State Level**

4. **State Operations Coordination Units, State Project Financial Management Units**

(a) The Recipient shall, throughout the implementation of the Project, cause each NE State to designate and maintain a state operations coordination unit within its state ministry responsible for planning, each with functions and resources satisfactory to the Association, and with staff in adequate numbers and with terms of reference, qualifications and experience satisfactory to the Association (State Operations Coordination Unit or SOCU).

(b) Without limitation to the provisions of sub-paragraph (a) of this Part A.4, each SOCU shall be responsible for, *inter alia*:

(i) handling the overall administration of procurement, environmental and social safeguards management, and communication of the NE State’s Respective Part of the Project;

(ii) monitoring and evaluating the NE State’s Respective Part of the Project;

(iii) aligning Project activities with the respective NE State’s social safety net policies and contributing to the design and implementation of social safety net policies at the state level; and

(iv) reporting to the NE State and the Federal Operations Coordination Unit on the status of Project implementation.

(c) The Recipient shall cause each NE State to dedicate and retain, throughout the implementation of the Project, staff from the accounting and internal audit units of its SPFMU, in adequate numbers and with qualifications, experience and terms of reference satisfactory to the Association, to be responsible for the financial management of the NE State’s Respective Part of the Project in accordance with the provisions of this Agreement.
including, but not limited to the preparation of budgets, monthly reports, interim unaudited financial reports, and annual financial statements.

B. Subsidiary Agreement

1. To facilitate the carrying out of the Project, the Recipient shall make a portion of the proceeds of the Financing available to each NE State under a subsidiary agreement between the Recipient and each NE State, under terms and conditions approved by the Association ("Subsidiary Agreement"), which shall include, inter alia:

   (a) (i) the principal amount of the financing allocated to the respective NE State ("Subsidiary Financing") shall be the equivalent in terms of SDR of the amount withdrawn under this Agreement (determined as of the date or dates of withdrawal from the Financing Account) with respect to such NE State; and

   (ii) such principal amount shall be repayable on the same terms and conditions specified in this Agreement for the repayment of the Credit; and

   (b) the Recipient shall obtain rights adequate to protect its interests and those of the Association, including the right to:

   (i) suspend or terminate the right of the NE State to use the proceeds of the Subsidiary Financing, or declare to be immediately due and payable or obtain a refund of all or any part of the amount of the Subsidiary Financing then withdrawn, upon the NE State's failure to perform any of its obligations under the Subsidiary Agreement; and

   (ii) require each NE State to:

   (A) carry out its Respective Part of the Project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of this Agreement, including the ESMF, RPF, relevant Safeguards Documents, the PIM, the State Project Implementation Manual, and the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient;
(B) provide, promptly as needed, the resources required for the purpose;

(C) ensure that any goods and services to be financed out of the Subsidiary Financing are procured in accordance with the provisions of this Agreement;

(D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of its Respective Parts of the Project and the achievement of the objective of the Project;

(E) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to its Respective Parts of the Project; and (2) have such financial statements audited annually by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association, but in any event not later than 6 months after the end of each Fiscal Year;

(F) enable the Recipient and the Association to inspect the NE State’s Respective Parts of the Project, its operation and any relevant records and documents;

(G) permit the Association to make the Subsidiary Agreement and all financial statements audited pursuant to subparagraph (E) above available to the public in accordance with the Association’s policies on access to information; and

(H) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.

2. The Recipient shall exercise its rights and perform its obligations under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association and the Recipient shall otherwise agree in writing, the Recipient
shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

C. Project Implementation Manuals

1. Prior to the Effective Date, the Recipient shall revise and adopt the Project Implementation Manual in form and substance satisfactory to the Association, containing detailed arrangements and procedures for implementation of the Project including inter alia:

   (a) identification and registration of Beneficiaries under the URB;

   (b) institutional coordination and day-to-day implementation of the Project;

   (c) disbursement, procurement and financial management including financial, social and technical audit of the Project;

   (d) environmental and social safeguards management including the operation of a grievance redress mechanism;

   (e) monitoring and evaluation, reporting and communication, including performance indicators;

   (f) a capacity building program for designated Project implementation staff at the federal, state and local levels;

   (g) detailed arrangements of the operation of each of the three social safety programs under the Project, including conditions for the TCT Program for the provision of Targeted Cash Transfers, the mechanisms for verification of compliance with TCT conditions and a transparent payment mechanism; and

   (h) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project.

2. The Recipient shall:

   (a) furnish to and exchange views with the Association on the PIM promptly upon its revision; and

   (b) thereafter adopt the revised PIM as shall have been approved by the Association.

3. (a) The Recipient shall ensure, and shall cause each NE State to ensure, that the Project is carried out in accordance with the arrangements and procedures set out in the PIM (provided, however, that in case of any
conflict between the arrangements and procedures set out in the PIM and the provisions of this Agreement, the provisions of this Agreement shall prevail).

(b) The Recipient shall not amend, abrogate, or waive, or permit to be amended, abrogated or waived, the PIM or any of its provisions without prior approval in writing by the Association.

4. Not later than the date upon which the Recipient and the respective NE State sign a Subsidiary Agreement pursuant to Section I, Part B above, the Recipient shall ensure that each NE State prepares and adopts its own State Project Implementation Manual in form and substance satisfactory to the Association, containing detailed arrangements and procedures for the respective NE State’s implementation of its Respective Part of the Project, including inter alia:

(a) identification and registration of Beneficiaries under the URB;

(b) institutional coordination and day-to-day implementation of the NE State’s Respective Part of the Project;

(c) disbursement, procurement and financial management including financial, social and technical audit of the NE State’s Respective Part of the Project;

(d) environmental and social safeguards management including the operation of grievance redress mechanism;

(e) monitoring and evaluation, reporting and communication, including performance indicators;

(f) a capacity building program for designated Project implementation staff at the state and local levels;

(g) detailed arrangements of the operation of each of the three social safety programs under the NE State’s Respective Part of the Project, including conditions for the TCT Program for the provision of Targeted Cash Transfers, the mechanisms for verification of compliance with TCT conditions and a transparent payment mechanism; and

(h) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the NE State’s Respective Part of the Project.

5. (a) The Recipient shall ensure that each NE State carries out its Respective Part of the Project in accordance with the arrangements and procedures set out in the respective State’s State Project Implementation Manual (provided, however, that in case of any conflict between the arrangements
and procedures set out in the State Project Implementation Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail).

(b) The Recipient shall ensure that each NE State does not amend, abrogate, or waive, or permit to be amended, abrogated or waived, the respective State's State Project Implementation Manual or any of its provisions without prior approval in writing by the Association.

D. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

E. Safeguards

1. The Recipient shall ensure that the Project is carried out in accordance with the provisions of the ESMF, the RPF and any other Safeguards Document prepared or to be prepared by the Recipient in accordance with sub-paragraph 2 below.

2. Whenever a Safeguards Document shall be required for any proposed Project activity in accordance with the provisions of the ESMF and/or the RPF, the Recipient shall:

(a) prior to the commencement of such activity, proceed to have such Safeguards Document:

(i) prepared in accordance with the provisions of the ESMF and the RPF, as the case may be;

(ii) furnished to the Association for review and approval; and

(iii) thereafter adopted and disclosed as approved by the Association, in a manner acceptable to the Association; and

(b) thereafter take such measures as shall be necessary or appropriate to ensure compliance with the requirements of such Safeguards Document; and

(c) in the case of any resettlement activity under the Project involving Affected Persons, ensure that no displacement (including restriction of access to legally designated parks and protected areas) shall occur before necessary resettlement measures consistent with the relevant RAP have been executed, including, in the case of displacement, full payment to Affected Persons of compensation and of other assistance required for relocation, prior to displacement.
3. The Recipient shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, the ESMF, the RPF and any Safeguards Document adopted or to be adopted in accordance with the provisions of paragraph 2 of this Part F, unless the Association has provided its prior approval thereof in writing, and the Recipient has complied with the same consultation and disclosure requirements as applicable to the original adoption of the said instruments.

4. Without limitation on its other reporting obligations under this Agreement, the Recipient shall collect, compile and submit to the Association each calendar semester (or at such other frequency as may be agreed with the Association) consolidated reports on the status of compliance with the ESMF, RPF, and the Safeguards Documents, as applicable, giving details of:

(a) measures taken in furtherance of the said instruments;
(b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the said measures; and
(c) remedial measures taken or required to be taken to address such conditions.

5. The Recipient shall cause the North East States to ensure that any area in which civil works under the Project will be implemented has been cleared of Explosive Remnants of War, and to that end, prior to commencing civil works for any activity under the Project, the Recipient shall provide a confirmation, in form and substance satisfactory to the Association, that the area in which such civil works will be implemented has been declared safe and clear of Explosive Remnants of War.

F. Annual Work Plans and Budgets

1. The Recipient, through the Federal Ministry of Finance, shall prepare, collect and furnish to the Association not later than November 1 of each year during the implementation of the Project (or such later date as the Association may agree) for the Association's approval, annual work plans and budgets containing all eligible Project activities and expenditures at the federal and state levels proposed to be included in the Project for the following Fiscal Year, including:

(a) environmental and social safeguards measures taken or planned to be taken in accordance with the provisions of Part E of this Schedule; and
(b) the amount, allocation and schedule of disbursement of federal and NE States' counterpart funds required for the financing of:

(i) any environmental and social safeguards measures required pursuant to any Safeguards Document;
(ii) the NE State’s share of expenditures under Category (2) in the table in Section IV.A.2 of this Schedule; and

(iii) any other activities and expenditures required for the efficient implementation of the Project in accordance with this Agreement.

2. The Recipient shall ensure that the Project is implemented in accordance with the Annual Work Plans and Budgets approved by the Association for the respective Fiscal Year, and shall ensure that the Recipient’s and NE States’ counterpart funds required for the Project and specified in the Annual Work Plans and Budgets are duly committed and promptly paid as and when required for the purposes of the Project; provided, however, that in case of any conflict between the Annual Work Plans and Budgets and the provisions of this Agreement, the provisions of this Agreement shall prevail.

3. The Recipient shall not make or allow to be made any change to the Annual Work Plans and Budgets without prior approval in writing by the Association.

G. Public Workfare Program

1. No proposed Subproject shall be eligible for financing under Part 2 of the Project unless a determination has been made, on the basis of an assessment conducted with the participation of impacted communities in accordance with the procedures outlined in the Project Implementation Manual, that the proposed Subproject satisfies the eligibility criteria specified in further detail in the Project Implementation Manual, which shall include, inter alia, that:

   (a) the proposed Subproject creates or improves a public asset in the community and is beneficial to the impacted community; and

   (b) the proposed Subproject is technically, socially and economically viable and fulfills the requirements of any applicable Safeguards Instrument.

2. All Subprojects shall be implemented with due diligence and efficiency and in accordance with sound administrative, agricultural, financial, technical, environmental and social standards.

3. For the purpose of carrying out eligible Subprojects under Part 2 of the Project, the Recipient shall provide a PW Payment to an eligible PW Beneficiary as follows:

   (a) an amount of each PW Payment shall be determined based on the allocation criteria set forth in the PIM, and said criteria shall include a co-financing portion from the Recipient’s budget; and

   (b) employment under the PW Program shall be limited to two (2) years for each PW Beneficiary.
H. Skill for Jobs Schemes

1. The Recipient shall provide Stipends directly to S4J Beneficiaries, in accordance with criteria and procedures acceptable to the Association and described in the PIM.

2. Each Stipend shall be in an amount, which the Association and Recipient agree should be provided to each S4J Beneficiary.

3. The National Directorate of Employment shall enter into collaborative arrangements with NE States and private sector organizations at the state level outlining the role of each party in implementation of Part 3 of the Project, all in form and substance satisfactory to the Association.

I. Targeted Cash Transfer for the NE States

The Recipient shall provide Targeted Cash Transfers to eligible TCT Beneficiaries in an amount and at a frequency acceptable to the Association and in accordance with criteria and procedures acceptable to the Association and described in the PIM, including compliance by such Eligible TCT Beneficiaries.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than sixty (60) days after the end of each calendar semester, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The
audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.

4. The Recipient shall:

(a) not later than nine (9) months after the Effective Date, install or cause to be installed, a computerized financial management system for the Project; and

(b) cause each NE State, not later than nine (9) months after the date of its Subsidiary Agreement with the Recipient, to install a computerized financial management system for its Respective Part of the Project; all in a manner acceptable to the Association.

5. The Recipient shall, not later than three (3) months after the Effective Date, appoint the independent auditors referred to in Section 4.09(b) of the General Conditions, in accordance with the provisions of Section III of this Schedule, with qualifications, experience and terms of reference satisfactory to the Association.

Section III. Procurement

A. General

1. Goods and Non-consulting Services. All goods and non-consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. Consultants' Services. All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

3. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Non-consulting Services

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts specified in the Procurement Plan:

(a) National Competitive Bidding;
(b) Shopping;
(c) Limited International Bidding;
(d) procurement under Framework Agreements in accordance with procedures which have been found acceptable to the Association;
(e) Direct Contracting;
(f) Force Account;
(g) well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the Association;
(h) procurement under Public Private Partnership Arrangements in accordance with procedures which have been found acceptable to the Association; and
(i) Community Participation procedures which have been found acceptable to the Association.

C. **Particular Methods of Procurement of Consultants' Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan:

(a) Quality-based Selection;
(b) Selection under a Fixed Budget;
(c) Least Cost Selection;
(d) Selection based on Consultants' Qualifications;
(e) Single-source Selection of consulting firms;

(f) Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the Association;

(g) Selection of consultants under Indefinite Delivery Contract or Price Agreement;

(h) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and

(i) Single-source procedures for the Selection of Individual Consultants.

D. **Review by the Association of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Association’s Prior Review. All other contracts shall be subject to Post Review by the Association.

E. **Other Procurement Covenants**

The Recipient shall, not later than three (3) months after the Effective Date:

(a) establish a procurement records management system and train the staff of Federal Operations Coordination Unit and National Directorate of Employment in records management; and

(b) organize contract administration training for procurement staff of the Federal Operations Coordination Unit and state offices of National Directorate of Employment, with specifications and in a manner satisfactory to the Association.

**Section IV. Withdrawal of the Proceeds of the Financing**

**A. General**

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the
amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Financing Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, non-consulting services, consultants’ services, Operating Costs, Training and PW Payments under Part 2 of the Project</td>
<td>21,200,000</td>
<td>100% of the amounts disbursed</td>
</tr>
<tr>
<td>(2) Goods, non-consulting services, consultants’ services, Operating Costs, Training and Stipends under Part 3 of the Project</td>
<td>7,100,000</td>
<td>100% of the amounts disbursed</td>
</tr>
<tr>
<td>(3) Goods, non-consulting services, consultants’ services, Operating Costs, Training under Part 4 of the Project</td>
<td>10,600,000</td>
<td>100% of the amounts disbursed</td>
</tr>
<tr>
<td>(4) Targeted Cash Transfers under Part 4 of the Project</td>
<td>28,200,000</td>
<td>100% of the amounts disbursed</td>
</tr>
<tr>
<td>(5) Unallocated</td>
<td>3,500,000</td>
<td></td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>70,600,000</td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

   (a) for payments made prior to the date of this Agreement;
   (b) for payments made to any NE State, other than that NE State referred to in Article 4.01 of this Agreement, unless and until:

       (i) the respective NE State has entered into a Subsidiary Agreement with the Recipient;
the Association has received an opinion satisfactory to it establishing that the Subsidiary Agreement has been duly authorized or ratified by the Recipient and the respective NE State and is legally binding upon the Recipient and the respective NE State in accordance with its terms; and

(iii) the respective NE State has adopted its own State Project Implementation Manual satisfactory to the Association; and

(c) for payments under Category (4) until:

(i) the Recipient has confirmed that the Eligible TCT Beneficiaries satisfy the criteria set forth in the PIM; and

(ii) the Recipient has furnished all required verification documents acceptable to the Association showing that Targeted Cash Transfers have been made in accordance with the provisions of this Agreement, such verification to be provided in accordance with procedures and arrangements, as set out in the PIM.

2. The Closing Date is June 30, 2020.

Section V. Other Undertakings

A. Refund

If, at any time, the Association determines that any portion of the Financing under the Project was used for items improperly procured in violation of Section III to this Schedule, was not used for Targeted Cash Transfers or, was not supported by evidence of actual spending by the Recipient for Targeted Cash Transfers and/or by evidence of satisfaction of other criteria set forth in this Agreement or in the Project Implementation Manual, the Recipient shall promptly refund any such portion to the Association as the Association shall specify by notice to the Recipient.

B. Third Party Monitoring Agent(s)

1. The Recipient shall, not later than two (2) months following the Effective Date appoint third party monitoring agent(s) for the Project under terms of reference, and with qualifications and experience satisfactory to the Association, in accordance with the provisions of Section III of Schedule 2 to this Agreement, to be responsible for, inter alia, performing audits of the procurement for all goods, consultants’ services as well as payments for Targeted Cash Transfers, Operating Costs and Training under the Project.
2. Each such audit shall cover the period of two (2) calendar years, commencing with the calendar year in which the first withdrawal under the Project was made.

3. Each audit report for each such period shall:
   (a) be furnished to the Association not later than sixty (60) days after the end of each such period; and
   (b) include an action plan to improve performance and correct any shortcomings and deficiencies.

C. Governance and Accountability Plan

1. The Recipient shall, not later than two (2) months following the Effective Date prepare and adopt, and cause each NE State to adopt, a governance and accountability plan in form and substance satisfactory to the Association (Governance and Accountability Plan).

2. The Recipient shall carry out the Project, and cause the Project to be carried out by the NE States, in accordance with the Governance and Accountability Plan.

3. The Recipient shall not make or allow to be made any change to the Governance and Accountability Plan without prior approval in writing by the Association.
**SCHEDULE 3**

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each February 1 and August 1:</td>
<td></td>
</tr>
<tr>
<td>commencing August 1, 2021 to and including February 1, 2031</td>
<td>1.65%</td>
</tr>
<tr>
<td>commencing August 1, 2031 to and including February 1, 2041</td>
<td>3.35%</td>
</tr>
</tbody>
</table>

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03(b) of the General Conditions.
APPENDIX

Section I. Definitions

1. "Affected Persons" means any person who, on account of the execution of the Project, has experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such person must move to another location; or (b) the involuntary restriction or access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person.

2. "Annual Work Plan and Budget" means each annual work plan, together with the related budget, for the Project approved by the Association pursuant to the provisions of Section I, Part F of Schedule 2 to this Agreement.


4. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

5. "Cash Transfers" means Targeted Cash Transfers, Stipends and PW Payments.


7. "ESIA" or "Environmental and Social Impact Assessment" means an environmental and social impact assessment prepared by the Recipient in accordance with the ESMF pursuant to Section I, Part E of Schedule 2 to this Agreement, and "ESIAs" means, collectively, all such assessments.

8. "ESMF" means the Recipient’s environmental and social management framework document dated October 1, 2012, as revised and re-disclosed on May 2016, setting forth the modalities for environmental screening and procedures/actions for the preparation and implementation of environmental and social assessments and management plans under the Project, and such term includes any schedule and/or annex to said framework.

9. "ESMP" means, for a given Project activity, an environmental and social management plan prepared by the Recipient in accordance with the ESMF pursuant to Section I, Part E of Schedule 2 to this Agreement; and “ESMPs” means, collectively, all such plans.
10. "Explosive Remnants of War" means explosive remnants of war, including but not limited to, unexploded ordnance, improvised explosive devices and landmines.

11. "Fiscal Year" means the Recipient's fiscal year commencing January 1 and ending December 31 in each year.

12. "Federal Ministry of Finance" means the Recipient's ministry responsible for finance and any successor thereto.

13. "Federal Operations Coordination Unit" means the unit to be maintained by the Recipient in accordance with the provisions of Section I, Part A, paragraph 1 of Schedule 2 to this Agreement.

14. "FPFMD" means the federal project financial management division of the Recipient's Office of the Accountant General, and any successor thereto.


16. "Governance and Accountability Plan" means the Recipient's plan referred to in Section V, Part C of Schedule 2 to this Agreement.

17. "IDP" means an internally displaced person, as such term is defined in the PIM; and "IDPs" means, collectively, all such internally displaced people.

18. "LGA" means a local government authority established and operating in the territory of each NE State pursuant to the laws of the Recipient; and "LGAs" means, collectively, all such local government authorities.

19. "MDA" means a ministry, department or agency and includes relevant federal and state level entities.

20. "National Directorate of Employment" or "NDE" means a Recipient's entity established under the National Directorate of Employment Act No. 24 of 1989, as amended to the date of this Agreement, charged with the responsibility of designing and implementing programs to combat unemployment, and any successor thereto.

21. "NE State" means each of the following of Recipient's North East States: Adamawa, Bauchi, Borno, Gombe, Taraba, and Yobe.

22. "Original Financing Agreement" means the financing agreement for Youth Employment and Social Support Operation Project between the Recipient and the Association, dated April 16, 2013 (Credit Number 5212-NG), as amended.
23. "Original Project" means the Project described in the Original Financing Agreement.

24. "Operating Costs" means the reasonable and agreed costs of goods and services required for the day-to-day implementation of the Project including maintenance of vehicles and equipment, fuel, office supplies, utilities, consumables, office rental and maintenance, bank charges, advertising expenses, travel, per diems, accommodation, and salaries of selected support staff, but excluding salaries of consultants and salaries of officials of the Recipient’s and NE States’ civil service.

25. "Participating State" means each of the Recipient’s States of Abia, Adamawa, Bauchi, Borno, Cross River, Ekiti, Enugu, Gombe, Imo, Kaduna, Kano, Katsina, Kogi, Kwara, Niger, Ogun, Ondo, Osun, Oyo, and Yobe, each of the NE States, and any other States which has been or may be included in the Original Project in accordance with the participation criteria set out in the PIM.

26. "Pest Management Plan" or "PMP" means the Recipient’s pest management plan dated October 1, 2012, as such plan may be amended by the Recipient from time to time, with the prior written agreement of the Association.


28. "Procurement Plan" means the Recipient’s procurement plan for the Project, dated March 15, 2016, and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

29. "Project Implementation Manual" or "PIM" means the manual referred to in Section I, Part C, paragraph 2 of Schedule 2 to this Agreement as the same may be amended from time to time with the prior written agreement of the Association.

30. "Public Workfare Program" or "PW Program" means the program of any of the NE States operating under Part 2 of the Project designed to improve basic social and economic infrastructure in the community and providing immediate labor intensive work opportunities for unskilled youths from poor households and thereby increase the income and consumption of poor households through the provision of Stipends to PW Beneficiaries in accordance with the provision of this Agreement and the PIM.

31. "PW Beneficiary" means an extremely poor household or individual in such household duly registered under the Unified Registry of Beneficiaries that having met the criteria set forth in the PIM is eligible to receive PW Payments under the
PW Program; and “PW Beneficiaries” means, collectively, all such households and individuals in these households.

32. “PW Payments” means the payments to be paid to PW Beneficiaries, in accordance with the provisions of this Agreement and the PIM, for carrying out Subprojects under the Public Workfare Program and referred to in Part 2 of Schedule 1 to this Agreement.

33. “RAP” means the resettlement action plan, in form and substance satisfactory to the Association, prepared or to be prepared by the Recipient on the basis of the RPF, and giving details of the specific actions, measures and policies designed to facilitate the achievement of the objectives of the RPF, along with procedural and institutional measures needed to implement such actions, measures and policies.

34. “RPF” means the Recipient’s resettlement planning framework document dated November 1, 2012, and updated and re-disclosed on May 2016, setting forth the modalities for the compensation, resettlement and rehabilitation of Affected Persons, acceptable to the Association, and such term includes any schedules and/or annexes to said framework.

35. “Safeguards Documents” means collectively or individually the ESMPs, PMP, ESIAs and the RAPs prepared in connection with the Project, if any.

36. “Skills for Jobs Scheme” means the program of any of the NE States operating under Part 3 of the Project designed to impart vocational, life and entrepreneurial skills and provide internships, traineeships and apprenticeships with private sector organizations and thereby enhance the employability of youth from poor households, all through the provision of Stipends to S4J Beneficiaries in accordance with the provision of this Agreement and the PIM.

37. “S4J Beneficiary” or “Skills for Jobs Scheme Beneficiary” means an extremely poor household, or individual in such household, duly registered under the Unified Registry of Beneficiaries that, having met the criteria set forth in the PIM, is eligible to receive Stipends under the Skill for Jobs Scheme; and “S4J Beneficiaries” means, collectively, all such households and individuals in these households.

38. “State Project Financial Management Unit” and the acronym “SPFMU” mean the state project financial management unit established within each NE State’s Office of the State Accountant General and any successor thereto.

39. “State Project Implementation Manual” means the manual referred to in Section I, Part C, paragraph 4 of Schedule 2 to this Agreement, as the same may be amended from time to time with the prior written agreement of the Association.
40. “Stipends” means the payments to be made to S4J Beneficiaries in accordance with the provisions of this Agreement and the PIM.

41. “Subproject” means a specific development project, designed to create and improve basic social and economic infrastructure in the community and generate youth employment to be carried out by a NE State under Part 2 of the Project under the terms, conditions and procedures set forth in Section I, Part G of Schedule 2 to this Agreement and further described in the PIM.

42. “Subsidiary Agreement” means each of the agreements referred to in Section I, Part .B of Schedule 2 to this Agreement pursuant to which the Recipient shall make part of the proceeds of the Financing available to each NE State, as the same may be amended from time to time with the prior written consent of the Association, and such term includes all schedules to such Subsidiary Agreement.

43. “Targeted Cash Transfer” or “TCT” means a transfer of funds in the form of a non-refundable grant by the Recipient to a TCT Beneficiary, under any TCT program being implemented under Part 4 of the Project, made in accordance with the provisions of this Agreement and the Project Implementation Manual.

44. “Targeted Cash Transfer Program” or “TCT Program” means the program of any of the NE States, operating under this Project, designed to provide incentives for extremely poor households and IDPs, to invest in the human capital of their children and to increase household consumption through the provision of Targeted Cash Transfers contingent on compliance with co-responsibilities set forth in this Agreement and further clarified in the Project Implementation Manual.

45. “TCT Beneficiary” means an extremely poor household, vulnerable person, or IDP that, having complied with co-responsibilities set forth in the PIM, is eligible to receive Targeted Cash Transfers under the TCT Program; and “TCT Beneficiaries” means, collectively, all such households, individuals in these households, and IDPs.

46. “Training” means the reasonable costs of goods and services required for the participation of personnel involved in training activities, workshops and study tours under the Project, including travel and subsistence costs for training, workshop and study tour participants, costs associated with securing the services of trainers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training course, workshop or study tour preparation and implementation, but excluding salaries of consultants.

47. “Unified Registry of Beneficiaries” or “URB” means an integrated registration database of members of extremely poor households in the Recipient’s territory eligible to benefit from Project interventions and who have been identified for this
purpose through a common targeting mechanism based on their poverty levels and using a combination of geographic, community-based, and household level (proxy means test) methods, all in accordance with the Project Implementation Manual.

Section II. **Modifications to the General Conditions**

The modifications to the General Conditions are as follows:

1. Section 3.02 is modified to read as follows:

   "Section 3.02. Service Charge and Interest Charge

   (a) *Service Charge.* The Recipient shall pay the Association a service charge on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. The Service Charge shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Service Charges shall be computed on the basis of a 360-day year of twelve 30-day months.

   (b) *Interest Charge.* The Recipient shall pay the Association interest on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. Interest shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Interest shall be computed on the basis of a 360-day year of twelve 30-day months."

2. Paragraph 28 of the Appendix ("Financing Payment") is modified by inserting the words "the Interest Charge" between the words "the Service Charge" and "the Commitment Charge".

3. The Appendix is modified by inserting a new paragraph 32 with the following definition of "Interest Charge", and renumbering the subsequent paragraphs accordingly:

   "32. "Interest Charge" means the interest charge specified in the Financing Agreement for the purpose of Section 3.02(b)."

4. Renumbered paragraph 37 (originally paragraph 36) of the Appendix ("Payment Date") is modified by inserting the words "Interest Charges" between the words "Service Charges" and "Commitment Charges".

5. Renumbered paragraph 50 (originally paragraph 49) of the Appendix ("Service Charge") is modified by replacing the reference to Section 3.02 with Section 3.02(a).