Financing Agreement

(Additional Financing for Nigeria Erosion and Watershed Management Project)

between

FEDERAL REPUBLIC OF NIGERIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date 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) apply to and form 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 — CREDIT

2.01. The Association agrees to extend to the Recipient a credit, which is deemed as Non-concessional Financing for purposes of the General Conditions, as set forth or referred to in this Agreement, in the amount of one hundred million Dollars ($100,000,000), as such amount may be converted from time to time through a Currency Conversion ("Credit"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Recipient may withdraw the proceeds of the Credit in accordance with Section III of Schedule 2 to this Agreement.

2.03. The Front-end Fee is one quarter of one percent (1/4 of 1%) of the Credit amount.

2.04. The Commitment Charge is one-quarter of one percent (1/4 of 1%) per annum on the Unwithdrawn Credit Balance.

2.05. The Interest Charge is the Reference Rate plus the Fixed Spread or such rate as may apply following a Conversion; subject to Section 3.09(e) of the General Conditions.

2.06. The Payment Dates are February 15 and August 15 in each year.

2.07. The principal amount of the Credit shall be repaid in accordance with 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 shall: (a) carry out Parts 1.D, 2.A, 2.D, 2.E, 3 and 4.A of the Project through the FME; and (b) cause each Participating State, through its SME, to carry out within their respective jurisdictions Parts 1 (other than 1.D), 2.B, 2.C and 4.B of the Project, in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

4.01. The Additional Condition of Effectiveness consists of the following, namely, that the Financing Agreement dated the same date as this Agreement, between the Recipient and the Association, providing a credit in support of the Project ("CNL Financing Agreement"), has been executed and delivered, and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Agreement), have been fulfilled.

4.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

4.03. For purposes of Section 10.05(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 Signature Date.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient’s Representative is its federal minister at the time responsible for finance.

5.02. For purposes of Section 11.01 of the General Conditions:

(a) the Recipient’s address is:

   The Honorable Minister
   Federal Ministry of Finance
   Ahmadu Bello Way
   Central Business District
   Abuja, Federal Republic of Nigeria; and

(b) the Recipient’s Electronic Address is:

   Facsimile:
   234 9 6273609
5.03. For purposes of Section 11.01 of the General Conditions:

(a) The Association’s address is:
International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America; and

(b) the Association’s Electronic Address is:
Telex: Facsimile:
248423 (MCI) 1-202-477-6391
AGREED as of the Signature Date.

FEDERAL REPUBLIC OF NIGERIA

By:

[Signature]

Authorized Representative

Name: Zainab S. Ahmed
Title: Minister of Finance
Date: February 12, 2019

INTERNATIONAL DEVELOPMENT ASSOCIATION

By:

[Signature]

Authorized Representative

Name: Rachid Bennassaoud
Title: Country Director
Date: February 12, 2019
SCHEDULE 1

Project Description

The objective of the Project is to reduce vulnerability to soil erosion in targeted sub-watersheds.

The Project consists of the Original Project as modified with two new sub-components 1.D and 2.E added as set forth hereunder:

**Part 1. Erosion and Watershed Management Infrastructure Investments**

A. **Gully Rapid Action and Slope Stabilization**: Stabilization and rehabilitation of selected erosion sites and prevention of further erosion, including:

1. emergency and temporary stabilization of gullies and management of landslides;
2. carrying out of complementary structural erosion and water management works; and
3. carrying out of preventive erosion management works.

B. **Integrated Watershed Management**: Carrying out of a program of specific activities for integrated management of selected sub-watersheds, including:

1. sensitization, mobilization and organization of communities to manage erosion and prevent disasters;
2. preparation and implementation of integrated sub-watershed management plans and related technical guidelines and manuals, including land and water management and disaster risk preparedness measures; and
3. carrying out of specific subprojects for the identification, establishment and management of soil and water conservation zones, including implementation of associated land and water management practices, through the provision of sub-grants to eligible community organizations.

C. **Livelihood Improvement**: Carrying out of a program of specific activities aimed at improving the livelihoods of communities in selected sub-watersheds, including:

1. provision of training and other capacity building assistance to communities to identify and develop livelihood support activities and enterprises;
2. carrying out of specific subprojects for the acquisition of skills and resources to create employment and livelihood opportunities, through the provision of sub-grants to eligible community organizations; and

3. development of household and community water harvesting facilities.

D. Technical and Socioeconomic Analysis: Carrying out of a technical and socioeconomic analysis to identify appropriate remediation measures in locations with different characteristics from those already addressed under the Project in view of providing recommendation for major landscape and watershed-level restoration programs involving issues other than those addressed under the Project, including other forms of watershed management risks that compromise the natural resource base and associated livelihoods at a landscape scale.

Part 2. Erosion and Watershed Management Institutions and Information Services

A. Federal MDAs Effectiveness and Investment Services for States: Carrying out of a program of specific activities to strengthen the capacity of relevant federal MDAs to perform their functions, and to support and guide Participating States’ relevant MDAs in performing their functions related to erosion and watershed management, including:

1. provision of advisory services to federal and state MDAs on various technological, engineering, environmental and other technical design issues arising during the course of implementation of the Project, based on international best practices;

2. strengthening of the capacity of the FME’s department responsible for erosion, flood and coastal zone management;

3. strengthening of the capacity of the FME’s environmental assessments department;

4. strengthening of the capacity of the Recipient’s agency responsible for national environmental standards and regulation;

5. strengthening of the capacity of the Recipient’s agency responsible for national emergency management;

6. development of an information system and knowledge resource network among relevant MDAs and academic institutions on erosion and watershed management issues, including a hydrological and meteorological monitoring system and various mapping and monitoring tools;
7. development of watershed plans for improved land and water management and erosion reduction in selected river basins and watersheds;

8. development of tools and training designed to improve the way in which federal roads’ cross drainage is regulated, designed, approved, budgeted, constructed and maintained with a view to reduce and prevent gully formation; and

9. strengthening of the public financial management capacity, transparency and performance of the Recipient’s and Participating States’ institutions responsible for financing erosion management and other related investments.

B. *State MDAs Effectiveness and Services:* Carrying out of a program of specific activities to strengthen the capacity of relevant Participating States’ MDAs to perform their functions related to erosion and watershed management, including:

1. strengthening of the Participating States’ capacity to prepare and manage erosion and watershed management investments;

2. strengthening of urban storm water drainage management;

3. development of tools and training designed to improve the way in which state roads’ cross drainage and urban drainage is regulated, designed, approved, budgeted, constructed and maintained with a view to reduce and prevent gully formation; and

4. strengthening of the Participating States’ agencies responsible for emergency management to prevent and respond to landslides, floods and other geological hazards and natural disasters.

C. *Local Government Authorities Effectiveness and Services:* Carrying out of a program of specific activities to strengthen the capacity of relevant LGAs to guide and sustain the operation and maintenance of infrastructure and facilities developed under the Project.

D. *Private and Non-Government Institutions and Services:* Carrying out of a program of specific activities to strengthen the capacity of relevant private contractors and other non-government entities to deliver effective services in the area of erosion and watershed management.

E. Carrying out of a program of support, and capacity-building activities focusing on training and other forms of human resource development, for the benefit of national centers of excellence in the areas of erosion control, landscape management and environmental assessment; erosion risk mapping; enhancing climate readiness work and environmental impact assessment capacities;
facilitating completion of guidelines for road construction to reduce gully erosion; and addressing solid waste management in restored gullies.

**Part 3. Climate Change Response**

*Overall Policy and Institutional Framework:* Carrying out of a program of activities to strengthen the Recipient’s capacity to adapt to climate change, including advancing the preparation of activities identified under the Recipient’s Nationally Determined Contributions ("NDCs"), and issuing green bonds.

**Part 4. Project Management**

A. *Federal Project Management:* Management and coordination of the Project at the federal level, including procurement and financial management, social and environmental safeguards management, communication, and monitoring and evaluation.

B. *State Project Management:* Management and coordination of Project activities within the respective Participating State, including procurement and financial management, social and environmental safeguards management, communication, and monitoring and evaluation.
SCHEDULE 2
Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

Federal Level

1. Federal Steering Committee

The Recipient, through the FME, shall maintain, throughout the implementation of the Project, a Project steering committee at the federal level, with functions, composition and resources satisfactory to the Association. Without limitation on the foregoing, the Federal Steering Committee shall be chaired by the Minister of FME and comprise representatives of the Recipient's federal and state MDAs involved in the implementation of the Project, and shall meet at least twice per year or more often if required for the purposes of, inter alia: (a) reviewing the overall progress of the Project and providing strategic and policy direction on all activities under the Project; (b) facilitating the coordination of Project activities among the members of the Federal Steering Committee and the removal of any obstacles to the implementation of the Project; (c) endorsing the Annual Work Plans and Budgets; (d) taking decisions on recommendations forwarded by the Federal Technical Committee and the FPMU; and (e) determining the readiness of selected states of the Recipient to participate in the Project according to readiness criteria specified in the PIM.

2. Federal Technical Committee

The Recipient, through the FME, shall maintain, throughout the implementation of the Project, a federal level technical committee, with functions, composition and resources satisfactory to the Association. Without limitation on the foregoing, the Federal Technical Committee shall be chaired by the Permanent Secretary of FME and comprise representatives from federal and state MDAs involved in the implementation of the Project, and shall meet at least quarterly or more often if required for the purposes of providing overall technical guidance on all activities under the Project.

3. Federal Project Management Unit

The Recipient shall maintain, at all times during the implementation of the Project, a Project management unit within the FME, with functions and resources satisfactory to the Association, and with staff in adequate numbers and with qualifications, experience and terms of reference satisfactory to the Association. Without limitation on the foregoing, the FPMU shall be headed by a Project
coordinator and comprise a social specialist, an environmental specialist, a procurement specialist, a monitoring and evaluation specialist, a communications specialist, an energy specialist, and a civil engineer, and shall be responsible for, *inter alia:* (a) collating the annual works plans and budgets of Participating States and preparing the overall draft Annual Work Plan and Budget for endorsement by the Federal Steering Committee and approval by the Association; (b) coordinating the implementation of all federal level Project activities by the relevant federal MDAs, and facilitating knowledge sharing among the Participating States; (c) overseeing and guiding the overall administration of procurement, environmental and social safeguards management, and communication of the Project; (d) carrying out the overall monitoring and evaluation of Project activities; and (e) reporting to the Federal Steering Committee and liaising with the Association on any matters related to the progress of the Project and the use of the proceeds of the Credit.

4. Federal Project Financial Management Division

The Recipient shall dedicate and retain, throughout the implementation of the Project, staff from the accounting and internal audit units of the FPFMD, in adequate numbers and with qualifications and terms of reference satisfactory to the Association, to be responsible for the overall 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.

*State Level*

5. State Steering Committees

The Recipient shall cause each Participating State, through its SME, to maintain, throughout the implementation of the Project, a steering committee with functions, composition and resources satisfactory to the Association. Without limitation on the foregoing, each Participating State’s State Steering Committee shall be chaired by the Participating State’s commissioner of its SME and comprise representatives of the Participating State’s MDAs and LGAs involved in the implementation of the Participating State’s Respective Part of the Project, and shall be responsible for, *inter alia:* (a) reviewing the overall progress and providing strategic and policy direction on the implementation of the Participating State’s Respective Part of Project; (b) facilitating the coordination of the Participating State’s Respective Part of Project among the members of the State Steering Committee and the removal of any obstacles to the implementation of the Participating State’s Respective Part of the Project; (c) taking decisions on recommendations forwarded by the State Technical Committee and the SPMU; and (d) approving work plans and budgets for the Participating State’s Respective Part of the Project for inclusion in the consolidated Annual Work Plans and Budgets for the Project.
6. **State Technical Committees**

The Recipient shall cause each Participating State, through its SME, to maintain, throughout the implementation of the Project, a technical committee with functions, composition and resources satisfactory to the Association. Without limitation on the foregoing, each Participating State’s State Technical Committee shall be chaired by the Participating State’s permanent secretary of its SME and comprise representatives of the Participating State’s MDAs involved in the implementation of the Participating State’s Respective Part of the Project, and shall meet at least quarterly or more often if required for the purposes of providing technical guidance on all activities included in the Participating State’s Respective Part of the Project.

7. **State Project Management Units**

The Recipient shall cause each Participating State to maintain, throughout the implementation of the Project, a Project management unit within its SME, with functions and resources satisfactory to the Association, and with staff in adequate numbers and with qualifications, experience and terms of reference satisfactory to the Association. Without limitation on the foregoing, each Participating State’s SPMU shall be headed by a Project coordinator and comprise a social specialist, an environmental specialist, a procurement specialist, a monitoring and evaluation specialist, a communications specialist, and a civil engineer, and shall be responsible for, *inter alia*: (a) preparing the Participating State’s draft annual work plans and budgets for endorsement by the State Steering Committee; (b) coordinating the implementation of the Participating State’s Respective Part of the Project by the Participating State’s relevant MDAs; (c) handling the overall administration of procurement, environmental and social safeguards management, and communication of the Participating State’s Respective Part of the Project; (d) monitoring and evaluating the Participating State’s Respective Part of the Project; and (e) reporting to its State Steering Committee.

8. **State Project Financial Management Units**

The Recipient shall cause each Participating 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 Participating 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.
LGA and Community Level

9. Local Government Authorities

The Recipient shall cause each Participating State to ensure that each LGA involved in the implementation of the Participating State’s Respective Part of the Project, with the assistance of a technical officer seconded from the Participating State’s SPMU, shall be responsible, *inter alia*, for: (a) acting as liaison to the Participating State’s SPMU and MDAs, and to non-governmental organizations working with the communities at each site included in the Participating State’s Respective Part of the Project; (b) providing technical advice to said communities; (c) convening and interfacing with affected and directly participating communities; and (d) overseeing the operation and maintenance of sites and facilities included in the Participating State’s Respective Part of the Project.

10. Site Committees

The Recipient shall cause each Participating State, through the respective LGA, to establish and maintain, throughout the implementation of the Project, site committees for each site within said LGA’s jurisdiction to be included in Part 1 of the Project, with functions, composition and resources satisfactory to the Association. Without limitation on the foregoing, each site committee shall be responsible, within its jurisdiction, for, *inter alia*: (a) identifying local erosion problems and helping select possible solutions for inclusion in the sub-watershed plans; (b) overseeing the progress of infrastructure works and participating in site monitoring; and (c) cooperating with neighboring communities and LGAs as needed for cross-community sub-watersheds.

B. Subsidiary Agreement

1. To facilitate the carrying out of the Parts 1 (other than 1.D), 2.B, 2.C and 4.B of the Project, the Recipient shall make the proceeds of the Credit allocated from time to time to Categories (2) through (5) available to each Participating State under a subsidiary agreement between the Recipient and each Participating State, under terms and conditions approved by the Association (“Subsidiary Agreement”), which shall include, *inter alia*:

   (a) (i) the principal amount of the Credit allocated to the respective Participating State (“Subsidiary Financing”) shall be the equivalent in terms of Dollars of the amount withdrawn under the Subsidiary Agreement (determined as of the date or dates of withdrawal from the Credit account);

   (ii) interest and other charges on the principal amount of the Subsidiary Financing withdrawn and outstanding from time to
time shall be on the same terms and conditions as those applicable to the Credit and set forth in Article II of this Agreement; and

(iii) such principal amount shall be repayable over a period not exceeding the period remaining at the time of execution of the Subsidiary Agreement for the repayment of the Credit, inclusive of a grace period not exceeding the grace period remaining at the time of execution of the Subsidiary Agreement for the Credit.

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

(i) require each Participating 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, PIM, 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, works and/or 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 Part of the Project and the achievement of the objectives 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 Part of the Project; and (2) have such financial statements audited annually by independent auditors acceptable to the Association, in accordance with
consistent 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 Participating State's Respective Part 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; and

(ii) suspend or terminate the right of the Participating 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 Participating State's failure to perform any of its obligations under the Subsidiary Agreement.

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 Credit. 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. Subprojects

General

1. For the purpose of carrying out Subprojects under Parts 1.B.3 and 1.C.2 of the Project, the Recipient shall ensure that each Participating State shall make Subgrants to Beneficiaries in accordance with eligibility criteria and procedures acceptable to the Association and elaborated in the PIM, which shall include, inter alia, the following:
(a) No proposed Subproject shall be eligible for financing under a Sub-grant to a Beneficiary unless the Participating State shall have determined on the basis of an appraisal carried out in accordance with guidelines acceptable to the Recipient and the Association and elaborated in the PIM, that:

(i) the proposed Subproject is technically feasible and economically and financially viable;

(ii) the proposed Subproject complies with the ESMF and RPF and if, pursuant to the ESMF and/or RPF, an ESIA, ESMP and/or RAP for the Subproject is or are required, such instrument(s) has/have been prepared and approved by the Association in accordance with the provisions of Section II.G of this Schedule, and all measures required to be taken in accordance with said Section prior to commencement of the activities covered by said instrument(s), have been taken;

(iii) the proposed Beneficiary (A) is a legal entity with the organization, management, technical capacity and financial resources necessary to carry out the proposed Subproject; and (B) has prepared a satisfactory financing plan and budget and implementation plan for the proposed Subproject; and

(iv) the Beneficiary’s contribution, if applicable, to the project Subproject costs in cash or in kind is in accordance with the provisions of the PIM; and

(b) The maximum amount of: (i) all Sub-grants to a single Beneficiary shall not exceed the maximum amount specified in the PIM for such purpose; and (ii) each Sub-grant for a Subproject shall not exceed 100% of the total estimated cost of the Subproject.

2. Without limitation on the provisions of paragraph 1 of this Part C, each Participating State may employ, in accordance with the provisions of this Agreement, a non-governmental organization whose qualifications, experience and terms of reference are acceptable to the Association, to facilitate the provision of Sub-grants and assist the Beneficiaries in carrying out their Subprojects in accordance with the provisions of this Agreement.

Sub-grant Agreements

3. The Recipient shall ensure that each Participating State shall make each Sub-grant under a Sub-grant Agreement between the Participating State and the respective Beneficiary, on terms and conditions satisfactory to the Association, which, inter alia, shall include the following:
(a) the amount of the Sub-grant provided to the Beneficiary (which shall not exceed the estimated cost of the Subproject excluding any amount of counterpart funds or co-financing from other sources of financing); the description of the activities to be implemented, including the outputs and performance targets to be achieved; and the arrangements for monitoring and reporting on the implementation of the Subproject;

(b) the specification of the counterpart contribution, if any, required of the Beneficiary, and modalities for transfer of funds by the Recipient to the Beneficiary for the financing of the Subproject;

(c) the obligation of the Beneficiary to:

(i) carry out the Subproject with due diligence and efficiency, and in accordance with sound technical, engineering, environmental, financial and managerial practices, and in accordance with the provisions of the PIM, ESMF and RPF, where applicable, and the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient; and

(ii) maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures related to the Subproject;

(d) the requirement that the goods and services to be financed out of the proceeds of the Sub-grant shall be procured in accordance with the provisions of this Agreement, and shall be used exclusively in the carrying out of the Subproject;

(e) the obligation of the Beneficiary to:

(i) 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 the Subproject;

(ii) at the Association’s or the Recipient’s request, have such financial statements audited 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; and

(iii) permit the Association to make the Sub-grant Agreement and all financial statements audited pursuant to sub-paragraph (ii) above
available to the public in accordance with the Association’s policies on access to information; and

(f) the right of the Recipient, to:

(i) inspect by itself, or jointly with the Association, if the Association shall so request, the goods and sites included in the Subproject, the operations thereof and any relevant records and documents;

(ii) obtain all information as it, or the Association, shall reasonably request regarding the administration, operation and financial conditions of the Subproject and the Beneficiary; and

(iii) suspend or terminate the right of any Beneficiary to use the proceeds of the Sub-grant, or obtain a refund of all or any part of the amount of the Sub-grant then withdrawn, upon failure by the Beneficiary to perform any of its obligations under the Sub-grant Agreement.

4. The Recipient shall ensure that it and the Participating States shall exercise their rights and perform their obligations under the Sub-grant Agreements in such manner as to protect the interests of the Recipient, the Participating States and the Association, and to accomplish the purposes of the Sub-grant, and, except as the Association shall otherwise agree, the Recipient shall ensure that it and the Participating States shall not assign, amend, abrogate or waive any Sub-grant Agreement or any provision thereof.

D. Project Implementation Manual

1. The Recipient, through the FME, shall maintain a Project implementation manual in form and substance satisfactory to the Association, containing detailed arrangements and procedures for:

(a) the selection and continued participation in the Project of Participating States, the selection of Project intervention sites under Part 1 of the Project and the selection of demonstration projects under Part 1.B.3 of the Project;

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

(c) disbursement and financial management;

(d) procurement;

(e) environmental and social safeguards management;

(f) monitoring and evaluation, reporting and communication; and
(g) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project.

2. The Recipient shall ensure that the Project is carried out in accordance with the arrangements and procedures set out in the PIM (provided, however, that in the 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) and, except as the Association shall otherwise agree, shall not amend, abrogate or waive any provision of the PIM.

E. Annual Work Plans and Budgets

1. The Recipient, through the FME, shall prepare 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, a consolidated annual work plan and budget containing all eligible Project activities and expenditures of the federal and state MDAs, including Subprojects, proposed to be included in the Project for the following Recipient’s fiscal year, including a specification of the source or sources of financing for all eligible expenditures, and environmental and social safeguard measures taken or planned to be taken in accordance with the provisions of Part F of this Schedule.

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 Recipient’s respective fiscal year; 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.

F. Environmental and Social Safeguards

1. The Recipient shall ensure that:

(a) the Project is carried out with due regard to appropriate health, safety, social, and environmental standards and practices, and in accordance with the provisions of the ESMF and the RPF;

(b) all the bidding documents and contracts include the obligation of the relevant contractors and subcontractors to: (i) adopt and implement measures to assess and manage the risks and impacts of labor influx; and (ii) adopt and enforce codes of conduct that should be provided to and signed by all workers; as applicable to such civil works commissioned or carried out pursuant to said contracts.
2. Whenever an ESIA, ESMP and/or RAP 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 ESIA, ESMP and/or RAP, as the case may be: (i) prepared in accordance with the provisions of the ESMF and the RPF; (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 ESIA, ESMP or RAP; 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 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 ESIA, ESMP and/or RAP 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 on a quarterly basis (or such other frequency as may be agreed with the Association) consolidated reports on the status of compliance with the ESMF, RPF, and ESIAs, ESMPs and RAPs, 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.
Section II. **Project Monitoring, Reporting and Evaluation**

The Recipient shall furnish to the Association each Project Report not later than one month after the end of each calendar semester, covering the calendar semester.

Section III. **Withdrawal of the Proceeds of the Credit**

A. **General**

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Credit to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category in the following table:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(2) Goods, works, non-consulting services, consultants' services, Training, Operating Costs under Parts 1.A, 1.B.1, 1.B.2, 1.C.1, 2.B.1, 2.B.3, 2.B.4, 2.C and 4.B of the Project</td>
<td>99,750,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Goods, works, non-consulting services, consultants' services, Training, Operating Costs under Part 1.C.3 of the Project</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>(4) Goods, works, non-consulting services, consultants' services, Training and Operating Costs required for Subprojects under Part 1.B.3 of the Project and to be financed through Sub-grants</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>
(5) Goods, works, non-consulting services, consultants' services, Training and Operating Costs required for Subprojects under Part 1.C.2 of the Project and to be financed through Sub-grants

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(6) Front-end Fee</td>
<td>250,000</td>
</tr>
<tr>
<td>(7) Interest Rate Cap or Interest Rate Collar premium</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>100,000,000</td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

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

   (a) for payments made prior to the Signature Date; or

   (b) under Categories (2) through (5) for payments to a Participating State, unless and until the respective Participating State has executed its Subsidiary Agreement with the Recipient, and 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 Participating State, and is legally binding upon the Recipient and the Participating State in accordance with its terms.

2. The Closing Date is June 30, 2021.
SCHEDULE 3

The following table sets forth the Principal Payment Dates of the Credit and the percentage of the total principal amount of the Credit payable on each Principal Payment Date ("Installment Share").

**Level Principal Repayments**

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share</th>
</tr>
</thead>
</table>
| On each February 15 and August 15  
  Beginning August 15, 2023  
  through August 15, 2052 | 1.67%             |
| On February 15, 2053     | 1.47%             |
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.E of Schedule 2 to this Agreement.

3. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.

4. “Beneficiary” means a community-based organization, duly established and registered as a legal entity under the laws of the Recipient, to which a Participating State has made, or proposes to make a Sub-grant.

5. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.

6. “CNL Financing Agreement” means the financing agreement for the Project between the Recipient and the Association, dated the same date as this Agreement, as such financing agreement may be amended from time to time, and such term includes all appendices, schedules and agreements supplemental to the Financing Agreement.

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.F of Schedule 2 to this Agreement, and “ESIAs” means, collectively, all such assessments.

8. “ESMF” or “Environmental and Social Management Framework” means the Recipient’s framework document, dated February 2018, referred to in Section I.F of Schedule 2 to this Agreement.

9. “ESMP” or “Environmental and Social Management Plan” 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.F of Schedule 2 to this Agreement; and “ESMPs” means, collectively, all such plans.


12. “FPMU” means the Federal Project Management Unit to be maintained by the Recipient in accordance with the provisions of Section I.A.3 of Schedule 2 to this Agreement.

13. “Federal Steering Committee” means the committee to be maintained by the Recipient in accordance with the provisions of Section I.A.1 of Schedule 2 to this Agreement.

14. “Federal Technical Committee” means the committee to be maintained by the Recipient in accordance with the provisions of Section I.A.2 of Schedule 2 to this Agreement.


16. “LGA” means a local government authority established and operating in the territory of each Participating State pursuant to the laws of the Recipient and the Participating State.

17. “MDA” means a ministry, department or agency.

18. “Nationally Determined Contributions” or “NDCs” means Nationally Determined Contributions under the Paris Agreement.

19. “Operating Costs” means the reasonable 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 civil service.

20. “Original Financing Agreement” means the financing agreement for the Nigeria Erosion and Watershed Management Project between the Recipient and the Association, dated April 16, 2013, with the modifications set forth in Section II of this Appendix (Credit No. 5105-NG).
21. “Original Project” means the Project described in Schedule 1 to the Original Financing Agreement.

22. “Part of the Project” means any Part of the Project as described in Schedule 1 to this Agreement; “Parts of the Project” means several or all of them collectively.

23. “Participating State” means a state of the Recipient which has been selected to participate in the Project in accordance with the selection criteria set out in the PIM, and which has entered into a Subsidiary Agreement with the Recipient in accordance with Section I.B of Schedule 2 to this Agreement for the purpose of carrying out its Respective Part of the Project.

24. “PIM” means the Project implementation manual, dated June 2013, adopted by the Recipient and referred to in Section I.D of Schedule 2 to this Agreement, as the same may be revised from time to time with the prior written approval of the Association.


26. “RAP” or “Resettlement Action Plan” means, for a given Project activity, a resettlement action plan prepared by the Recipient in accordance with the RPF pursuant to Section I.F of Schedule 2 to this Agreement; and “RAPs” means, collectively, all such plans.

27. “Resettlement Policy Framework” or “RPF” means the Recipient’s framework document dated November 2017, referred to in Section I.F of Schedule 2 to this Agreement.

28. “Respective Part of the Project” means, in respect of each Participating State, the activities under Parts 1, 2.B, 2.C and 4.B of the Project to be carried out within the Participating State’s jurisdiction.

29. “Signature Date” means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to “the date of the Financing Agreement” in the General Conditions.

30. “SME” means each Participating State’s Ministry of Environment and any successor thereto.

31. “SPFMU” means the State Project Financial Management Unit established within each Participating State’s Office of the State Accountant General, and any successor thereto.
32. "SPMU" means the State Project Management Unit to be maintained by each Participating State within its SME in accordance with the provisions of Section 1.A.7 of Schedule 2 to this Agreement.

33. "State Steering Committee" means the committee to be maintained by each Participating State in accordance with the provisions of Section 1.A.5 of Schedule 2 to this Agreement.

34. "State Technical Committee" means the committee to be maintained by each Participating State in accordance with the provisions of Section 1.A.6 of Schedule 2 to this Agreement.

35. "Sub-grant" means a grant made or proposed to be made by a Participating State to a Beneficiary out of the proceeds of the Financing for the purpose of financing a Subproject.

36. "Sub-grant Agreement" means an agreement entered into, or to be entered into, between a Participating State and a Beneficiary, for the purpose of extending a Sub-grant to such Beneficiary on the terms and conditions set forth or referred to in Section 1.C.3 of Schedule 2 to this Agreement.

37. "Subproject" means a set of specific development activities carried out or to be carried out by a Beneficiary under Part 1.B.3 or 1.C.2 of the Project, and financed or proposed to be financed out of the proceeds of the Credit through a Sub-grant.

38. "Subsidiary Agreement" means, for each Participating State, the agreement referred to in Section 1.B of Schedule 2 to this Agreement pursuant to which the Recipient shall make part of the proceeds of the Credit available to said Participating State.

39. "Training" means the reasonable costs of goods, works 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.

Section II. Amendments to Original Financing Agreement

The Original Financing Agreement is amended as set forth below:

1. Schedule 2 thereof (Project Description) is amended to read as shown in Schedule 1 to this Agreement.
2. The Closing Date set forth in Section IV.B.2 of Schedule 2 to the Original Financing Agreement is amended to read June 30, 2021.