Financing Agreement

(Second Rural Access and Mobility Project)

between

FEDERAL REPUBLIC OF NIGERIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated September 9, 2013
FINANCING AGREEMENT

AGREEMENT dated September 9, 2013, entered into between the FEDERAL REPUBLIC OF NIGERIA ("Recipient") and the INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association").

WHEREAS (A) the Recipient, having satisfied itself as to the feasibility and priority of the Project described in Schedule 1 to this Agreement ("Project"), has requested the Association to extend a credit to assist in the financing of the Project; and

(B) the Recipient has also requested Agence Française de Développement ("Co-financier"), to provide additional assistance towards the financing of Part 1.1 of the Project, and the Co-financier intends to make available a credit to the Recipient for such purpose in an amount equivalent to sixty million Dollars ($60,000,000) ("Co-financing"), pursuant to the credit facility agreement to be entered into between the Recipient and the Co-financier ("Co-financing Agreement");

NOW THEREFORE, 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 preamble and 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 one hundred twelve million eight hundred thousand Special Drawing Rights (SDR 112,800,000) (variously, "Credit" and "Financing") to assist in financing the Project.

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

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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 Payment Dates are April 1 and October 1 in each year.

2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.07. The Payment Currency is Dollars.

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 Part 3.2 of the Project through FMARD; and (b) cause Parts 1, 2 and 3.1 of the Project to be carried out by the Participating States, through their ministries responsible for rural roads, 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) The Recipient and each of the Recipient’s states of Adamawa, Enugu, Niger and Osun have executed a Subsidiary Agreement in accordance with the provisions of Section I.B of Schedule 2 to this Agreement.

(b) The Co-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.

(c) The Recipient, through the FMARD, and each of the Recipient’s states of Adamawa, Enugu, Niger and Osun have adopted the Project Implementation Manual, in form and substance satisfactory to the Association.

4.02. The Additional Legal Matter is that the Subsidiary Agreements referred to in Section 4.01 (a) of this Agreement have been duly authorized or ratified by the Recipient and the respective Participating State and are legally binding upon the Recipient and the respective Participating State in accordance with their terms.
4.03. The Effectiveness Deadline is the date one hundred eighty (180) 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 (20) years after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient’s Representative is its Federal Minister at the time 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, Nigeria, as of the day and year first above written.

FEDERAL REPUBLIC OF NIGERIA

By

Authorized Representative

Name: Dr. Nguzi Okonjo-Iweala
Title: Coordinating Minister for the Economy and Honorable Minister of Finance

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Marie Françoise Marie-Ngou
Title: Country Director
SCHEDULE 1

Project Description

The objective of the Project is to improve transport conditions and bring sustained access to the rural population, through rehabilitating and maintaining key rural transport infrastructure in a sustainable manner in the Participating States.

The Project consists of the following parts:

Part 1:  **Upgrading and Rehabilitation of Rural Transport Infrastructure**

1.1 Upgrading and rehabilitation of approximately 1,450 km of selected rural and state roads in the Participating States, and carrying out of related design studies and supervision activities.

1.2 Upgrading and rehabilitation of approximately 65 river crossings in the Participating States, and carrying out of related design studies and supervision activities.

Part 2:  **Community-based Road Maintenance and Annual Mechanized Maintenance**

Community-based and annual mechanized maintenance of upgraded/rehabilitated roads, including those under Part 1 of the Project, and carrying out of related supervision activities and technical assistance for the establishment and/or operation of community-based road maintenance organizations.

Part 3:  **Project Management and Strengthening of State and Federal Road Sector Institutional, Policy and Regulatory Framework**

3.1 Carrying out of a set of specific activities to build the institutional capacity of the Participating States for project implementation and roads management and maintenance, including: (a) preparation or updating of road prioritization studies and geographic information system-based road inventories; (b) strengthening of road assets management, including road condition monitoring and development of road planning and maintenance policies; (c) development of road transport regulations, establishment of sustainable road data management systems and preparation of road transport strategies; (d) reform of state road sector institutions, including institutionalization of the Project implementation units within states’ organizational charts for rural roads’ management and coordination with eventual state road maintenance agencies; (e) provision of technical assistance to local governments on safeguards enforcement, fiduciary management, governance and accountability, as well as infrastructure planning; (f) provision of technical assistance for promoting stakeholders and civil society participation, transparency and social inclusion in association with processes that
assure road quality, and efficiency of works; and (g) day to day administration, financial management, procurement, environmental and social safeguards management, and monitoring and evaluation of Project activities at the state level.

3.2 Carrying out a set of specific activities to assist FMARD and other relevant federal institutions in project management and federal road policy development, including: (a) the day to day administration, financial management, procurement, and monitoring and evaluation of Project activities at the federal level; (b) monitoring the performance of non-participating states on governance indicators and designing Project scale-up activities; (c) dissemination of lessons learnt and best practices; (d) carrying out of Project baseline and impact evaluation surveys; and (e) development of federal policies for the improvement of rural road transport and its articulation within existing federal transport policies or broader agendas.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. Federal Project Steering Committee

(a) The Recipient shall ensure that the FMARD 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.

(b) Without limitation to the provisions of sub-paragraph (a) of this Part A.1, the Federal Project Steering Committee shall be chaired by the permanent secretary of FMARD and shall meet every quarter, or more often if required, for the purposes of, inter alia: (i) providing overall strategic and policy guidance on all activities supported under the Project; and (ii) facilitating the coordination of Project activities among the participants in the Federal Project Steering Committee and the removal of any obstacles to the implementation of the Project.

2. Federal Project Management Unit

(a) The Recipient shall ensure that the FMARD shall maintain, throughout the implementation of the Project, a Project management unit 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.

(b) Without limitation to the provisions of sub-paragraph (a) of this Part A.2, the Federal Project Management Unit shall be responsible for, inter alia: (i) the day-to-day implementation of Part 3.2 of the Project; (ii) overseeing and guiding the overall administration of procurement, environmental and social safeguards management, and communication of the Project; (iii) carrying out the overall monitoring and evaluation of Project activities; (iv) providing technical and capacity building support to Participating States; (v) determining the readiness of selected states of the Recipient to participate in the Project according to readiness criteria specified in the PIM; (vi) monitoring the performance of the Participating States and determining whether they can continue to access financing for additional site interventions in accordance with performance-based criteria specified in the PIM; (vii) reporting to the
Federal Project Steering Committee; and (viii) ensuring the Project’s alignment with federal rural development strategies and contributing to the design and implementation of rural transport policies.

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 3.2 of the Project including, but not limited to the application and reliability of managerial, financial, operational and budgetary controls.

4. State Project Monitoring Committees

(a) The Recipient shall, throughout the implementation of the Project, cause each Participating State to maintain a project monitoring committee, 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.

(b) Without limitation to the provisions of sub-paragraph (a) of this Part A.4, each SPMC shall be responsible for, inter alia: (i) providing overall strategic, policy guidance and oversight on all activities supported under the Participating State’s Respective Part of the Project; and (ii) facilitating the coordination of activities and the removal of any obstacles to the implementation of the Participating State’s Respective Part of the Project.

5. State Project Implementation Unit

(a) The Recipient shall, throughout the implementation of the Project, cause each Participating State to maintain a project implementation unit within its state ministry responsible for rural roads, 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.
(b) Without limitation to the provisions of sub-paragraph (a) of this Part A.5, each SPIU shall be responsible for, *inter alia*: (i) handling the overall administration of procurement, environmental and social safeguards management, and communication of the Participating State’s Respective Part of the Project; (ii) monitoring and evaluating the Participating State’s Respective Part of the Project; (iii) ensuring the sustainability of the Project’s rural transport investments through designing, implementing and promoting sound road maintenance practices, in coordination with the relevant stakeholders and the local government authorities; (iv) aligning Project activities with the respective Participating State’s rural development policies and contributing to the design and implementation of rural transport policies at the state level; and (v) reporting to the SPMC and the FPMU on the status of Project implementation.

6. State Project Financial Management Unit

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.

B. Subsidiary Agreement

1. To facilitate the carrying out of Parts 1, 2 and 3.1 of the Project, the Recipient shall make the proceeds of the Financing allocated from time to time to Categories (1) through (4) of the table set forth in Section IV.A.2 of this Schedule 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 financing allocated to the respective Participating 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 Participating State; (ii) interest on the principal amount of the Subsidiary Financing withdrawn and outstanding from time to time shall be charged at the rate of three-fourths of one percent (3/4 of 1%) per annum; 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 Financing, inclusive of a grace period not exceeding the grace period remaining at the time of execution of the Subsidiary Agreement for the Financing;

(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, relevant Safeguard Documents, the 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, including the obligation of the Participating State to provide counterpart funding for the purposes of implementation of its Respective Part of the Project in accordance with the approved Annual Work Plans and Budgets; (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 Section III of this Schedule 2; (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 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 Part 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 of each Participating State; (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 sub-paragraph (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 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. Anti-Corruption

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

D. Environmental and Social 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 Safeguard Document prepared or to be prepared by the Recipient in accordance with sub-paragraph 2 below.

2. Whenever a Safeguard 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 Safeguard 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 Safeguard 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 Safeguard Document adopted or to be adopted in accordance with the provisions of paragraph 2 of this Part D, 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 Safeguard 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.

E. Project Implementation Manual

1. The Recipient shall prepare and adopt, and cause each Participating State to adopt, 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 and the selection of the roads and the river crossings to be upgraded and rehabilitated under Part I 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, and shall cause each Participating 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), and 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.

F. Annual Work Plans and Budgets; Counterpart Funds

1. The Recipient, through the FMARD, 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 at the federal and the state level proposed to be
included in the Project for the following Recipient’s fiscal year, including: (a) environmental and social safeguard measures taken or planned to be taken in accordance with the provisions of Part D of this Schedule; and (b) the amount, allocation and schedule of disbursement of federal and Participating States’ counterpart funds required for the financing of: (i) any environmental and social safeguard measures required pursuant to any Safeguard Document; (ii) the Participating State’s share of road maintenance expenditures under Category (3) 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 Recipient’s respective fiscal year, and shall ensure that the Recipient’s and Participating 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.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. 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 and set forth in the PIM. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than one month after the end of the period covered by such report.

2. The Recipient shall: (a) on or about the dates thirty-six (36) months after the Effective Date, prepare and furnish to the Association a mid-term report, in such detail as the Association shall reasonably request, documenting progress achieved in the carrying out of the Project during the period preceding the date of the mid-term report, taking into account the monitoring and evaluation activities performed pursuant to paragraph 1 of this Part A, and setting out the measures recommended to ensure the continued efficient carrying out of the Project and the achievement of its objective during the period following such date; and (b) review with the Association such mid-term report, on or about the date one month after its submission, and thereafter take all measures required to ensure the continued efficient implementation of the Project and the achievement of its
objective, based on the conclusions and recommendations of the mid-term report and the Association’s views on the matter.

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, commencing with the fiscal year in which the first withdrawal was made under the Preparation Advance for the Project. 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, 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.

5. The Recipient shall, not later than nine (9) months after the Effective Date, ensure that the computerized accounting systems at the FPMU and each SPIU are upgraded, in form and substance satisfactory to the Association.

Section III. **Procurement**

A. **General**

1. **Goods, Works and Non-consulting Services.** All goods, works 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, Works and Non-consulting Services**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding; (b) Shopping; (c) Direct Contracting; and (d) Community Participation procedures acceptable to the Association and specified in the PIM.

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) Least Cost Selection; (c) Selection based on Consultants’ Qualifications; (d) Single-source Selection of consulting firms; (e) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (f) 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. **Procurement Complaints and Records Management Systems**

The Recipient shall (and shall cause each Participating State to) establish, not later than three (3) months after the Effective Date, and thereafter maintain, throughout the implementation of the Project, procurement complaints and
records management systems, in form and substance 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, works, non-consulting services, and consultants’ services under Part 1.1 of the Project</td>
<td>67,700,000</td>
<td>66.7%</td>
</tr>
<tr>
<td>2. Goods, works, non-consulting services, and consultants’ services under Part 1.2 of the Project</td>
<td>6,500,000</td>
<td>100%</td>
</tr>
<tr>
<td>3. Goods, works, non-consulting services, and consultants’ services under Part 2 of the Project</td>
<td>17,100,000</td>
<td>100% for expenditures incurred through June 30, 2015; thereafter 50% for expenditures incurred through June 30, 2017; and thereafter 0%</td>
</tr>
<tr>
<td>4. Goods, non-consulting services, consultants’ services, Operating Costs, and Training under Part 3.1 of the Project</td>
<td>5,000,000</td>
<td>100%</td>
</tr>
</tbody>
</table>
5. Goods, non-consulting services, consultants’ services (including audits), Operating Costs and Training under Part 3.2 of the Project  & 2,700,000 & 100% \\
6. Refund of Preparation Advance & 2,000,000 & Amount payable pursuant to Section 2.07 of the General Conditions \\
7. Unallocated & 11,800,000 & \\
**TOTAL AMOUNT** & **112,800,000** & \\

**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, except that withdrawals up to an aggregate amount not to exceed $5,000,000 equivalent may be made for payments for Eligible Expenditures made not more than twelve (12) months prior to the date of this Agreement; or

   (b) under Categories (1) through (4) for payments to any Participating State, other than those referred to in Article 4.01 of this Agreement, unless and until: (i) the respective Participating State has entered into a Subsidiary Agreement with the Recipient; (ii) 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 respective Participating State in accordance with its terms; and (iii) the respective Participating State has adopted the PIM.

2. The Closing Date is December 31, 2018.
SCHEDULE 3

Repayment Schedule

<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 April 1 and October 1:</td>
<td></td>
</tr>
<tr>
<td>commencing October 1, 2022 to and including April 1, 2032</td>
<td>1%</td>
</tr>
<tr>
<td>commencing October 1, 2032 to and including April 1, 2052</td>
<td>2%</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

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.F of Schedule 2 to this Agreement.


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


6. “ESIA” means the environmental and social impact assessments prepared by the Recipient in accordance with the ESMF for the approximately 800 kilometers of pre-identified roads in the Recipient’s states of and Osun, dated June 2012 (Adamawa, Niger, Enugu) and July 2012 (Osun), and any other environmental and social impact assessments prepared by the Recipient pursuant to Section I.D of Schedule 2 to this Agreement, and “ESIAs” means, collectively, all such assessments.

7. “ESMF” means the Recipient’s framework document dated May 2012, 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.

8. “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.D of Schedule 2 to this Agreement; and “ESMPs” means, collectively, all such plans.
9. “Federal Project Management Unit” and the acronym “FPMU” mean the unit to be maintained by the Recipient in accordance with the provisions of Section I.A.2 of Schedule 2 to this Agreement.

10. “Federal Project 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.

11. “FMARD” means the Recipient Ministry responsible for agriculture and rural development, and any successor thereto.


14. “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 and Participating States’ civil service.

15. “Participating States” the states of the Recipient which have been selected to participate in the Project in accordance with the selection criteria set out in the PIM, and such other states as may be selected in accordance with the PIM; and “Participating State” means, individually, any such state.

16. “Preparation Advance” means the advance referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association on December 20, 2011 and on behalf of the Recipient on December 28, 2011.


18. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated August 8, 2012 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.

19. “Project Implementation Manual” and the acronym “PIM” mean the Project implementation manual to be adopted by the Recipient pursuant to Section I.E of
Schedule 2 to this Agreement, as the same may be revised from time to time with the prior written approval of the Association.

20. “Respective Part of the Project” means, in respect of each Participating State, the activities under Parts 1, 2 and 3.1 of the Project to be carried out within the Participating State’s jurisdiction.

21. “RAP” means the abbreviated resettlement action plans prepared by the Recipient in accordance with the RPF for the approximately 800 kilometers of pre-identified roads in the Recipient’s states of Adamawa, Enugu, Niger and Osun, dated June 2012 (Adamawa and Enugu), May 2012 (Niger) and July 2012 (Osun), and any other resettlement action plan (including an abbreviated resettlement action plan, if applicable) prepared by the Recipient pursuant to Section I.D of Schedule 2 to this Agreement; and “RAPs” means, collectively, all such plans.

22. “RPF” means the Recipient’s framework document disclosed on May 24, 2012, setting forth the modalities for the compensation, resettlement and rehabilitation of Affected Persons, acceptable to the Association, as such framework may be amended from time to time with the prior written approval of the Association, and such term includes any schedules and/or annexes to said framework.

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

24. “SPFMU” means the State Project Financial Management Unit established within each Participating State’s Office of the State Accountant General, and any successor thereto.

25. “State Project Implementation Unit” and the acronym “SPIU” mean the unit to be maintained by each Participating State within its ministry responsible for rural roads in accordance with the provisions of Section 1.A.5 of Schedule 2 to this Agreement.

26. “State Project Monitoring Committee” and the acronym “SPMC” mean the committee to be maintained by each Participating State in accordance with the provisions of Section 1.A.4 of Schedule 2 to this Agreement.

27. “Subsidiary Agreement” means each of the agreements referred to in Section I.B of Schedule 2 to this Agreement pursuant to which the Recipient shall make part of the proceeds of the Financing available to each Participating 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.
28. "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.