CONFORMED COPY

IDA GRANT NUMBER H259 NIR
Additional Financing to Credit 3505 NIR

Financing Agreement

(Additional Financing for the Water Sector Project)

between

REPUBLIC OF NIGER

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated December 14, 2006
FINANCING AGREEMENT

AGREEMENT dated December 14, 2006, entered into between the REPUBLIC OF NIGER (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing additional financing for activities related to the Original Project (as defined in the Appendix to this Agreement). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

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

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

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equivalent to seven million Special Drawing Rights (SDR 7,000,000) (the “Grant”) to assist in financing the Project (as defined in the Appendix to this Agreement).

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section II of Schedule 1 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 Payment Dates are June 1 and December 1 in each year.

2.05. The Payment Currency is the Euro.
ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out Parts A, C, D and E of the Project and cause Part B of the Project to be carried out by the Project Implementing Entity 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 1 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Event of Suspension consists of the Project Implementing Entity’s Legislation being amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.

4.02. The Additional Event of Acceleration consists of the event specified in Section 4.01 of this Agreement occurring and continuing for a period of 60 days after notice of the event has been given by the Association to the Recipient.

ARTICLE V — EFFECTIVENESS TERMINATION

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

(a) The amendment to the SPEN Equity Financing Agreement and the amendment to the SPEN Subsidiary Loan Agreement have been executed on behalf of the Recipient and the Project Implementing Entity, each in form and substance satisfactory to the Association.

(b) The Original Financing Agreement has been amended in form and substance satisfactory to the Association.

(c) The Recipient has:

(i) cleared all arrears in the payment of water bills by the public administration entities whose payments have been guaranteed by the Recipient (public administrations of strategic importance), in accordance with the Recipient’s covenant included in Section 6 (d) of Schedule 4 to the Original Financing Agreement, as well as by the other public administrations; and
(ii) strengthened, in a manner considered satisfactory to the Association, the system put in place in accordance with the Recipient’s covenant included in Section 6 (d) of Schedule 4 to the Original Financing Agreement to ensure that water bills will, from the Date of Effectiveness on, be paid when due, by the public administration entities whose payments have been guaranteed by the Recipient (public administrations of strategic importance) as well as by the other public administrations.

5.02. The Additional Legal Matter consists of the following:

Each of the amendment to the SPEN Equity Financing Agreement and the amendment to the SPEN Subsidiary Loan Agreement has been duly authorized or ratified by the Recipient and the Project Implementing Entity, and is legally binding upon the Recipient and the Project Implementing Entity in accordance with its terms.

5.03. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

5.04. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under Schedule 1 of this Agreement shall terminate is twenty years after the date of this Agreement.
ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient’s Representative is the Minister of the Recipient at the time responsible for finance.

6.02. The Recipient’s Address is:

Minister of Economy and Finance
Ministry of Economy and Finance
B.P. 389
Niamey
Republic of Niger

Facsimile: (227) 73 59 34

6.03. The Association’s Address is:

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

Cable: INDEVAS
Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: 1-202-477-6391
AGREED at Niamey, Niger, as of the day and year first above written.

REPUBLIC OF NIGER

By /s/ Ali Lamine Zeine

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Ousmane Diagana

Authorized Representative
SCHEDULE 1

Project Execution

Section I. Implementation Arrangements

1. Execution of the Project

The provisions of Article III of the Original Financing Agreement are incorporated herein by reference. In case of inconsistency between the provisions of Article III of the Original Financing Agreement and the provisions of this Schedule, the provisions of this Schedule shall prevail.

2. Use of the Proceeds of the Grant

To facilitate the carrying out of the Project Implementing Entity’s Respective Part B of the Project, the Recipient shall make such part of the proceeds of the Financing equivalent to three million seventy thousand Special Drawing Rights (SDR 3,070,000) available to the Project Implementing Entity under an amendment to the SPEN Equity Financing Agreement and such part of the proceeds of the Financing equivalent to two million forty thousand Special Drawing Rights (SDR 2,040,000) available to the Project Implementing Entity under an amendment to the SPEN Subsidiary Loan Agreement, under terms and conditions approved by the Association. All other provisions of the SPEN Equity Financing Agreement and the SPEN Subsidiary Loan Agreement shall remain unchanged.

3. Financial Covenants

The provisions of Article IV of the Original Financing Agreement are incorporated herein by reference. In case of inconsistency between the provisions of Article IV of the Original Financing Agreement and the provisions of this Schedule, the provisions of this Schedule shall prevail.

For purposes of Section 4.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than June 30, 2009.
Section II. **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 this Section and such additional instructions as the Association may specify by notice to the Recipient, 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 Grant Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Civil Works</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) for Parts C and D of the Project</td>
<td>1,190,000</td>
<td>90%</td>
</tr>
<tr>
<td>(b) for Part B of the Project</td>
<td>5,110,000</td>
<td>80%</td>
</tr>
<tr>
<td>(2) Vehicles, Equipment and Materials</td>
<td>0</td>
<td>100% of Foreign Expenditures and 80% of Local Expenditures</td>
</tr>
<tr>
<td>(3) Consultants’ services and training</td>
<td>670,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Operating costs</td>
<td>30,000</td>
<td>90%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>7,000,000</strong></td>
<td></td>
</tr>
</tbody>
</table>
B. Withdrawal Conditions; Withdrawal Period.

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made for payments made prior to the date of this Agreement.

2. The Closing Date is December 31, 2008.
APPENDIX

Definitions

1. “Category” means a category set forth in the table in Section II of Schedule 1 to this Agreement.

2. “Foreign Expenditures” means expenditures in the currency of any country other than that of the Recipient for goods or services supplied from the territory of any country other than that of the Recipient.


4. “Local Expenditures” means expenditures in the currency of the Recipient or for goods or services supplied from the territory of the Recipient; provided, however, that if the currency of the Recipient is also that of another country from the territory of which goods or services are supplied, expenditures in such currency for such goods or services shall be deemed to be Foreign Expenditures.

5. “Original Financing Agreement” means the Development Credit Agreement for a Water Sector Project (Credit No. 3505-NIR) dated June 8, 2001, between the Recipient and the Association, as amended to the date of this Agreement.

6. “Original Project” means the Project described in the Original Financing Agreement.

7. “Operating costs” means the incremental expenses incurred on account of implementation of the Project, audits, management and monitoring, including office supplies, administrative support, communication and utility services, travel and supervision costs but excluding salaries of officials of the Recipient’s civil service.

8. “Project” means the Original Project, whose development objectives and description remain unchanged.


11. “SPEN Equity Financing Agreement” is defined in the Original Financing Agreement.

12. “SPEN Subsidiary Loan Agreement” is defined in the Original Financing Agreement.