The World Bank
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
1818 H Street N.W.
Washington, D.C. 20433
U.S.A.
(202) 477-1234
Cable Address: INTBAFRAD
Cable Address: INDEVAS

October 27, 2011

H.E. Mr. Danladi I. Kifasi
Permanent Secretary
Federal Ministry of Finance
Ahmadu Bello Way
Central Business District
Abuja,
Federal Republic of Nigeria

Re: Federal Republic of Nigeria: IDF Grant for Strengthening Sub-National Public Sector Results-Based Management in Lagos Project
IDF Grant No. TF099404

Excellency:

In response to the request for financial assistance made on behalf of Federal Republic of Nigeria ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development ("World Bank") proposes to extend to the Recipient, for the benefit of the Recipient's Lagos State, a grant from the World Bank's Institutional Development Fund ("IDF") in an amount not to exceed four hundred and fifty thousand two hundred ninety United States Dollars (U.S.$ 450,290) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

Please confirm the Recipient's agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date specified by the World Bank in accordance with Section 4.02 of the Annex to this Agreement; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within 90 days after the date of signature of this Agreement by the World Bank, unless the World Bank shall have established later dates for such purpose.
Very truly yours,
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By
Marie Francoise Marie-Nelly
Country Director for Nigeria
Africa Region

AGREED:
FEDERAL REPUBLIC OF NIGERIA

By
Authorized Representative

Name Dr. Ngozi Okonjo-Iweala, Coordinating Minister for the Economy and Honorable Minister of Finance
Title
Date 9th January 2012

Enclosures:

✓ (1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 31, 2010
✓ (2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank Out of Various Funds dated July 31, 2010 ("Standard Conditions") constitute an integral part of this Agreement.

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

Article II
Project Execution

2.01. **Project Objective and Description.** The objective of the Project is to strengthen the use of performance information to manage for development results in ministries, departments and agencies ("MDAs") in Lagos State.

The Project consists of the following parts:

**Part A: Development of a results framework of M&E system in pilot MDAs**

1. Undertaking of a comprehensive review of existing monitoring and evaluation ("M&E") systems in pilot MDAs and production of an M&E system assessment report.

2. Development of a comprehensive M&E framework for pilot MDAs based on key performance indicators ("KPIs").

3. Development of formats (i) for pilot MDAs: quarterly and annual results-based reports and (ii) for the Lagos State Ministry of Economy and Planning Budget ("MEPB") quarterly and annual state results and impact reports to the Lagos State government.

**Part B. Capacity building for MDAs on the new M&E framework and reporting tools**

1. Conduct of a capacity building workshop for MEPB and other pilot MDAs staff on effective design and management of M&E in projects and programs.

2. Conduct of a capacity building workshop on (i) the use of quarterly and annual reporting templates for MDAs, and (ii) the use of quarterly and annual state results and impact reporting templates for the MEPB staff.

3. Conduct of a learning assessment of the M&E framework and the use of the reporting templates, aimed at assessing the performance and scaling up the use of the M&E framework and reporting tools through evidence derived from practical use.

4. Conduct of a stakeholders' workshop to disseminate the results of the Project and reach agreement on a roll out plan including timeline for action and commitments that
ascertains the necessary structures, resources and mechanisms to support the management for development results agenda in the MDAs.

5. South-South learning on innovative monitoring and evaluation institutional arrangements and approach through the conduct of a study tour and report in a selected host country.

Part C. Integration of an electronic database for information management

Establishment of a management information system in pilot MDAs based on the M&E and reporting framework developed under the Project and designed to interface with the existing Oracle-based financial management system.

Part D. External audit

Conduct of an external financial audit of the use of the Grant proceeds.

2.02. **Project Execution Generally.** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall cause Lagos State to carry out the Project, through the Department of Monitoring and Evaluation within MEPB, in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) 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 (“Anti-Corruption Guidelines”); and (c) this Article II.

2.03. **Institutional and Other Arrangements.** The Recipient (a) shall maintain at all times during the implementation of the Project, the Department of Monitoring and Evaluation referred to in Section 2.02 with functions, staffing and resources satisfactory to the World Bank, adequate to ensure the efficient implementation and coordination of the Project and (b) for the purpose of Project implementation, shall (i) on-grant the proceeds of the Grant allocated to Lagos State to carry out the Project, under a Subsidiary Agreement to be entered into between the Recipient and Lagos State, under terms and conditions which shall have been approved by the World Bank (“Subsidiary Agreement”); and (ii) exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant. Except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its respective provisions, provided however that in the event of any inconsistency between the terms and conditions of the Subsidiary Agreement (including any amendments thereof) with those of this Agreement, the latter shall prevail.

2.04. **Project Monitoring, Reporting and Evaluation.**

(a) The Recipient shall monitor and evaluate the progress of the Project and, upon the World Bank’s request, prepare Project Reports, in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover such period as shall be indicated in the World Bank’s request and shall be furnished to the World Bank not later than one month after the date of such request.
The Recipient shall, upon the World Bank’s request, prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than five months after the Closing Date.

2.05. **Financial Management.**

(a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than 45 days after the end of each calendar semester, covering the semester, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. The Recipient shall ensure the carrying out of two audits of the Financial Statements for the purpose of this Grant. Each such audit shall, respectively, cover: (i) the period of two fiscal years of the Recipient, commencing with the fiscal year in which the first withdrawal from the Grant Account was made; and (ii) the remaining period ending with the fiscal year in which the last withdrawal from the Grant Account was made. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.

2.06. **Procurement**

(a) General. All goods, non-consulting services and consultants’ services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

(i) Section I of the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” published by the World Bank in January 2011 (“Procurement Guidelines”), in the case of goods and non-consulting services; and

(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Consultant Guidelines”) in the case of consultants’ services; and

(iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).

(b) Definitions. The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank 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.
(c) **Particular Methods of Procurement of Goods and Non-consulting Services.**

Goods and non-consulting services shall be procured under contracts awarded on the basis of Shopping.

(d) **Particular Methods of Procurement of Consultants' Services**

(i) Except as otherwise provided in item (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Selection based on Consultant Qualifications.

(ii) The following methods may be used for the procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (A) Quality and Cost Based Selection; (B) Least Cost Selection; (C) Single-source Selection of consulting firms; (D) Selection of Individual Consultants; and (E) Single-source procedures for the Selection of Individual Consultants.

(e) **Review by the World Bank of Procurement Decisions.** The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.

### Article III

**Withdrawal of Grant Proceeds**

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may 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 World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant 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 USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods and Non-Consulting Services</td>
<td>89,250</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Consultants’ Services</td>
<td>240,900</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Training</td>
<td>98,140</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Audits</td>
<td>22,000</td>
<td>100%</td>
</tr>
<tr>
<td>------------</td>
<td>--------</td>
<td>------</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>450,290</td>
<td></td>
</tr>
</tbody>
</table>

For the purposes of this Section, the term “Training” means the reasonable costs required for the participation of personnel involved in training activities, study tours and workshops supported by the Project, including travel and subsistence costs for training, study tour and workshop 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, study tour or workshop preparation and implementation.

3.02. Withdrawal Conditions. Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. Withdrawal Period. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is three years after the date of countersignature of this Agreement by the Recipient.

Article IV
Effectiveness; Termination

4.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the Subsidiary Agreement referred to in Section 2.03 (b) of this Annex have been executed on behalf of the Recipient and Lagos State.

4.02. Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 4.01 (“Effective Date”). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

4.03. Termination for Failure to Become Effective. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date 90 days after the date of countersignature of this Agreement by the Recipient, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

Article V
Recipient’s Representative; Addresses

5.01. Recipient’s Representative. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its federal minister responsible for finance.
5.02. **Recipient’s Address.** The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Minister of Finance  
Federal Ministry of Finance  
Ahmadu Bello Way, Central Area  
PMB 14, Garki  
Abuja  
Federal Republic of Nigeria

Cable address: FEDMINFIN  
Facsimile: (234-9) 234-3609  
Abuja

5.03. **World Bank’s Address.** The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable: INTBAFRAD  
Telex: 248423 (MCI) or 64145 (MCI)  
Facsimile: 1-202-477-6391  
Washington, D.C.