Financing Agreement

(Additional Financing for Third National Fadama Development Project)

between

FEDERAL REPUBLIC OF NIGERIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated September 9, 2013
FINANCING AGREEMENT

AGREEMENT dated September 9, 2013, entered into between FEDERAL REPUBLIC OF NIGERIA ("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 this Agreement have the meanings ascribed to them in the General Conditions, or in the Original Financing Agreement, or in the Appendix to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to one hundred thirty two million six hundred thousand Special Drawing Rights (SDR 132,600,000) (variously, "Credit" and "Financing"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

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

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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%).

2.05. The Payment Dates are May 15 and November 15 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 Dollar.
ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project as set forth in Schedule 1 to this Agreement. To this end, the Recipient shall: (a) carry out Parts D and F (2) of the Project through FMA&RD; and (b) cause the Participating States to carry out, within their respective jurisdictions, Parts A, B, C, E and F (1) of the Project through their respective ministry of agriculture, 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 — REMEDIES OF THE ASSOCIATION

4.01. The Additional Events of Suspension consist of the following:

(a) The FCA legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the FCA to perform any of its obligations under the Agreement.

(b) As a result of events which have occurred after the date of the Agreement, an extraordinary situation shall have arisen which shall make it improbable that a Participating State will be able to perform its obligations under the respective amended Subsidiary Agreement.

ARTICLE V — EFFECTIVENESS; TERMINATION

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

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

6.01. The Recipient’s Representative is the Federal Minister of Finance.

6.02. The Recipient’s Address is:

The Honorable Minister
Federal Ministry of Finance
Ahmadu Bello Way
Abuja, Nigeria

Facsimile:
234 9 6273609

6.03. 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
AGREED at Abuya, Nigeria as of the day and year first above written.

FEDERAL REPUBLIC OF NIGERIA

By

Authorized Representative

Name: DR. NGOZI OKONJO-IWEALA
Title: COORDINATING MINISTER FOR THE ECONOMY AND HONORABLE MINISTER OF FINANCE

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: MARIE FRANCOISE MARIE-MELLY
Title: COUNTRY DIRECTOR
SCHEDULE 1

Project Description

The objective of the Project is to increase the incomes for users of rural lands and water resources within the Fadama Areas in a sustainable manner throughout the Recipient’s territory.

The Project consists of the Original Project, as described in Schedule 1 of the Original Financing Agreement, with the addition of the following activities:

1. As additional to paragraph 3 of Part D of the Original Project (Support to the Agricultural Development Programs, Sponsored Research and On-Farm Demonstrations), a sub-paragraph 3(iii) is added as follows:

“(iii) seed multiplication for target value chains.”

2. As further additional to Part D of the Original Project (Support to the Agricultural Development Programs, Sponsored Research and On-Farm Demonstrations), a sub-paragraph 5 is added as follows:

“5. Use of ICT technology and integration of nutrition advice in the advisory and extension service delivery.”
SCHEDULE 2

Project Execution

Section I.  Implementation Arrangements

A. Institutional Arrangements. Sections I.A (Institutional Arrangements), I.B (Subsidiary Agreements) and I.C (Subprojects and Grants) of Schedule 2 to the Original Financing Agreement are hereby incorporated by reference in this Section I.A and shall apply, mutatis mutandis, to this Agreement, and the Recipient undertakes to comply with the provisions thereof to the same extent as if such provisions had been set out in full in this Agreement.

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

C. Safeguards. Section I.C (Safeguards) of Schedule 2 to the Original Financing Agreement is hereby incorporated by reference in this Section I.C and shall apply, mutatis mutandis, to this Agreement, and the Recipient undertakes to comply with the provisions thereof to the same extent as if such provisions had been set out in full in this Agreement.

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. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Association not later than thirty (30) days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

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

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

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

Section III. **Procurement**

A. **General**

Section III (Procurement) of Schedule 2 to the Original Financing Agreement is hereby incorporated by reference in this Section III and shall apply, *mutatis mutandis*, to this Agreement, and the Recipient undertakes to comply with the provisions thereof to the same extent as if such provisions had been set out in full in this Agreement, except that the Procurement Guidelines, Consultant Guidelines and Procurement Plan (all three as defined in the Appendix to this Agreement) shall apply to the Financing provided through this Agreement.

B. **Provisions Applicable to Procurement of Goods, Works, Consultants’ and Non-consulting Services Initiated under the Original Financing.**

Notwithstanding the provisions of this Section III (Procurement) of this Schedule 2: (i) to the extent the initiation of procurement process in respect of a contract for goods, works, consultants’ or non-consulting services to be financed out of the proceeds of the Financing occurred prior to the date of this Agreement; and (ii) there are no proceeds remaining under the Original Financing to finance such contract; then, on an exceptional basis only and subject to the Association’s prior no-objection: (a) Section I.B (*Anti-Corruption*) of this Schedule (including the related provisions under the General Conditions) shall not apply to the proceeds of the Financing utilized to finance such goods, works, consultants’ or non-consulting services; and (b) this Section III of this Schedule shall not apply to the procurement of such contract; provided, however, that the provisions of Section III (Procurement) of Schedule 2 to the Original Financing Agreement shall apply to the procurement of such contract.

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 Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Civil works</td>
<td>51,300,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, equipment, and non-consulting services</td>
<td>4,200,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Training and workshops</td>
<td>13,800,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Consultant services</td>
<td>18,200,000</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Grants</td>
<td>31,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(6) Operating Costs</td>
<td>3,800,000</td>
<td>100%</td>
</tr>
<tr>
<td>(7) Unallocated</td>
<td>10,300,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total Amount</strong></td>
<td>132,600,000</td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

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

   (a) for payments made prior to the date of this Agreement;

   (b) for payments under any Category to be made with respect to activities taking place in any Participating State unless:

   (i) the Recipient has furnished to the Association evidence satisfactory to the Association that the concerned Participating State has duly established its FCAs in form and substance satisfactory to the Association; and

   (ii) the Association has received evidence confirming that amendments have been made to the respective Subsidiary Agreement satisfactory in form and substance to the Association.

2. The Closing Date is December 31, 2017.
Section V. **Modifications to the Original Financing Agreement**

1. Paragraph 2 of Section IV.B of Schedule 2 to the Original Financing Agreement is amended to read: “The Closing Date is December 31, 2017.”

2. Paragraph 6 of the Appendix to the Original Financing Agreement (Definitions) is amended to read:

   6. “ESMF” means the Environment and Social Management Framework prepared and adopted by the Recipient, originally dated May 4, 2007, and incorporating later revisions to such ESMF dated April 4, 2013, defining the set of mitigation, enhancement, monitoring, and institutional measures to be taken during implementation of the Project to eliminate any adverse environmental and social impacts, offset them, reduce them to acceptable levels, or to enhance positive impacts of the Project activities, as such framework may be further amended by the Recipient from time to time, with the prior written agreement of the Association.

3. Paragraph 10 of the Appendix to the Original Financing Agreement (Definitions) is amended to read: “‘FMA&RD’ means the Recipient’s Federal Ministry of Agriculture and Rural Development”; and all references in such Agreement to “FMAWR” are replaced with the word “FMA&RD” throughout.

4. Paragraph 31 of the Appendix to the Original Financing Agreement (Definitions) is amended to read:

   31. “RPF” the Resettlement Policy Framework dated May 4, 2007, and incorporating later revisions to such RPF dated April 4, 2013, and which sets out a framework of principles and procedures governing acquisition of rights to land, resettlement and compensation, as well as reporting and monitoring arrangements to ensure compliance with the said framework, as the said framework may be revised by the Recipient from time to time with the prior written agreement of the Association.
**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 May 15 and November 15:</td>
<td></td>
</tr>
<tr>
<td>Commencing November 15, 2023, to and including May 15, 2033</td>
<td>1%</td>
</tr>
<tr>
<td>Commencing November 15, 2033, to and including May 15, 2053</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

Section I. Definitions


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


5. “Original Financing Agreement” means the financing agreement for a Third National Fadama Development Project between the Recipient and the Association, dated November 24, 2008 (Credit No. 4494-NG).

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


8. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated May 8, 2013, 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.