Project Agreement

(Rural Access and Mobility Project - Kaduna)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

KADUNA STATE

Dated July 8, 2008
PROJECT AGREEMENT

Agreement dated July 8, 2008, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and KADUNA STATE (“Project Implementing Entity”) (“Project Agreement”) in connection with the Financing Agreement (“Financing Agreement”) of same date between the FEDERAL REPUBLIC OF NIGERIA (“Recipient) and the Association. The Association and the Project Implementing Entity hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to the Financing 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 Financing Agreement or the General Conditions.

ARTICLE II — PROJECT

2.01. The Project Implementing Entity declares its commitment to the objectives of the Project and the Program. To this end, the Project Implementing Entity shall carry out its Respective Parts of the Project in accordance with the provisions of Article IV of the General Conditions, and shall provide promptly as needed, the funds, facilities, services and other resources required for its Respective Parts of the Project.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Association and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out its Respective Parts of the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — TERMINATION

3.01. For purposes of Section 8.05 (c) of the General Conditions, the date on which the provisions of this Agreement shall terminate is twenty years after the date of this Agreement.

ARTICLE IV — REPRESENTATIVE; ADDRESSES

4.01. The Project Implementing Entity’s Representative is the State Commissioner for Finance.
4.02. The Association’s Address is:

International Development Association
1818 H Street, NW
Washington, DC 20433
United States of America

Cable: INDEVAS
Telex: 248423(MCI)
Facsimile: 1-202-477-6391

Washington, D.C.

4.03. The Project Implementing Entity’s Address is:

Commissioner of Finance
Ministry of Finance
State Secretariat
Independence Way
Kaduna, Nigeria

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

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Onno Ruhl
Authorized Representative

KADUNA STATE

By /s/ Ramalan Yaro
Authorized Representative
SCHEDULE

Execution of the Project Implementing Entity’s Respective Parts of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Project Implementing Entity shall: (a) carry out its Respective Parts of the Project through SPIU in accordance with the Project Implementation Manual; (b) maintain SPIU within SMWT at all times during Project implementation period with functions and responsibilities acceptable to the Association. SPIU shall be headed by a Project coordinator who shall report to the State Permanent Secretary of SMWT. The Project Implementing Entity shall ensure that SPIU is adequately staffed at all times during Project implementation period with staff having qualifications and experience satisfactory to the Association.

2. SPIU shall be responsible for managing and coordinating activities pertaining to the Project; to this end, the Recipient shall ensure that SPIU shall: (a) maintain at all times during the Project implementation period effective financial management and procurement systems including qualified staff; (b) carry out overall technical management and oversight of the Project; and (c) prepare activity budgets, monthly accounts reconciliation statement, quarterly withdrawal applications, quarterly financial reports, and annual financial statements. All of these obligations shall be carried out in form and substance satisfactory to the Association.

3. Kaduna State shall: (a) open the Project Account; (b) deposit into the Project Account, not later than by March 31, 2009, an initial amount of fifty million Naira (N. 50,000,000); (c) replenish the Project Account by the first day of each calendar quarter with a quarterly amount of at least fifty million Naira (N. 50,000,000); and (d) ensure that all funds deposited in the Project Account are used solely to defray the cost of expenditures related to implementation of the Project.

4. The Project Implementing Entity shall: (a) carry out a study aimed at enhancing efficiency in the performance of KAPWA’s operations; (b) submit the results and recommendations of the said study to the Association for its review and comments by December 31, 2010; (c) take into account the comments and recommendations made by the Association, and (d) promptly implement the recommendations of the said study as agreed upon with the Association and in accordance with the timetable agreed upon with the Association.

B. Anti-Corruption

The Project Implementing Entity shall ensure that its Respective Parts of the Project are carried out in accordance with the provisions of the Anti-Corruption Guidelines.
D. **Safeguards.** The Project Implementing Entity shall carry out its Respective Parts of the Project in accordance with the Environmental and Social Management Framework and the Resettlement Policy Framework.

**Section II. Project Monitoring, Reporting and Evaluation**

**A. Project Reports**

1. (a) The Project Implementing Entity shall monitor and evaluate the progress of its Respective Parts 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 the indicators set forth in Section II A 1(b) of Schedule 2 to the Financing Agreement. Each such Project Report shall cover the period of one calendar semester, and shall be furnished to the Recipient not later two weeks after the end of the period covered by such report for incorporation and forwarding by the Recipient to the Association of the overall Project Report.

2. The Project Implementing Entity shall provide to the Recipient not later than March 31, 2015, for incorporation in the report referred to in Section 4.08 (c) of the General Conditions all such information as the Recipient or the Association shall reasonably request for the purposes of such Section.

**B. Financial Management, Financial Reports and Audits**

1. The Project Implementing Entity shall 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 Parts of the Project.

2. The Project Implementing Entity shall have its financial statements referred to above audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association. Each audit of these financial statements shall cover the period of one fiscal year of the Project Implementing Entity. The audited financial statements for each period shall be furnished to the Association not later than six months after the end of the period.

**Section III. Procurement**

All goods, works and services required for the Project Implementing Entity’s Respective Parts of the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the provisions of Section III of Schedule 2 to the Financing Agreement.