Dear Alhaji Mahmoud Isa-Dutse:

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 Development Association ("World Bank") proposes to extend to the Recipient an advance out of the World Bank's Project Preparation Facility in an amount not to exceed six million Dollars (US$ 6,000,000) ("Advance") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in financing the activities described in the Annex ("Activities"). The objective of the Activities is to facilitate the preparation of a proposed project designed to improve rural access and agricultural marketing in selected participating states, whilst strengthening the financing and institutional base for sustainable management of the rural and state roads network ("Project") for the carrying out of which the Recipient has requested the World Bank's financial assistance.

The Recipient represents, by confirming its agreement below, that: (a) it understands that the provision of the Advance does not constitute or imply any commitment on the part of IBRD or IDA to assist in financing the Project; and (b) it is authorized to enter into this Agreement and to carry out the Activities, repay the Advance and perform its other obligations under this Agreement, all in accordance with the provisions of 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effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received this countersigned copy within 90 days after the date of signature of this Agreement by the World Bank, unless the World Bank has established a later date for such purpose.

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Raouf Benmessahoud
Country Director, Nigeria
Africa Region

1818 H Street NW - Washington, DC 20433 USA
AGREED:
FEDERAL REPUBLIC OF NIGERIA

By
Authorized Representative

Name: **DR. MAHMOUD ISA-DUTSE**

Title: **PERMANENT SECRETARY**

Date: **JULY 26, 2019**.

Enclosures:

(1) "Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility", dated July 31, 2010; and

(2) Disbursement Letter for the Advance of the same date as this Agreement, together with "Disbursement Guidelines for Investment Project Financing", dated February 2017.
PPA No. IDA V2810-NG
ANNEX

Article I
Standard Conditions; Definitions


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 and the following additional terms shall have the following meanings:

(a) “Federal Ministry of Agriculture and Rural Development or “FMARD” means the Recipient’s Federal Ministry of Agriculture and Rural Development or any successor thereto.

(b) “Federal Project Management Unit or “FPMU” means the unit established under FMARD will be responsible for overall project implementation.

(c) “Federal Project Financial Management Department” or FMFMD” means the unit in the Recipient’s office of the accountancy general of the federation responsible for coordination of the financial management aspects of the Activities.

(d) “Operating Costs” means any reasonable operating expenses incurred by the Recipient on account of the implementation, management and monitoring of the Activities, including consumable materials and supplies, communication, mass media and printing services, office improvements and office equipments, purchase of vehicles, vehicle rental, operation and maintenance, charges for the opening and operation of bank accounts, travel, lodging and per diems, but excluding salaries of officials of the Recipient’s civil service.

(e) “Training” means the reasonable costs of: (i) training materials and rental of training facilities and equipment; (ii) tuition fees, travel, accommodation and per diem of trainers and trainees; and (iii) any other expenses related to training to be carried out under the Project.

Article II
Execution of the Activities

2.01. Description of the Activities. The Activities for which the Advance is provided consist of the following parts:

(i) preparing frameworks for management of environmental and social safeguards;
(ii) setting up of project related grievance redress mechanisms and conducting stakeholder engagement;
(iii) carrying out gender-based violence mapping in the proposed project area;
(iv) preparing gender action plan;
(v) preparing key technical designs and bidding documents;
(vi) conducting baseline studies;
(vii) setting up of the monitoring and evaluation systems including the management information system, and knowledge management.
(viii) supporting capacity building of the implementing agency FPMU and project management support for implementation readiness; activities related to the FPMU including staffing and provision of Operating Costs.

2.02. Execution of the Activities Generally. The Recipient declares its commitment to the objectives of the Activities. To this end, the Recipient shall carry out the Activities through FMARD in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) this Article II; and (c) 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 and as of July 1, 2016.

2.03. Institutional and Other Arrangements. Without limitations upon Section 2.02 above, the Recipient shall:

(a) Without limitation upon paragraph 2.02 above, the Recipient, through FMARD, shall establish and maintain throughout the implementation of the Advance, a project implementation unit under terms of reference and with a composition and resources satisfactory to the World Bank and vested with responsibility for overseeing the day-to-day implementation of the Activities and the fiduciary aspects of the Advance except for financial management activities, which will be carried out by FMFMD.

2.04. Monitoring, Reporting and Evaluation of the Activities. The Recipient shall monitor and evaluate the progress of the Activities in accordance with the provisions of Section 2.08 of the Standard Conditions.

2.05. Financial Management. (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.09 of the Standard Conditions.

(b) The Recipient shall ensure that interim un-audited financial reports for the Activities are prepared and furnished to the World Bank not later than forty-five (45) days after the end of each 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 Sections 2.09 (b) of the Standard Conditions. Such 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 under the Advance was made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of such period.

2.06. Procurement. All consulting services required for the Activities and to be financed out of the proceeds of the Advance shall be procured in accordance with the requirements set forth or referred to in the “World Bank Procurement Regulations for IPF Borrowers” dated July 2016, revised November 2017 and August 2018 (“Procurement Regulations”) and the provisions of the Recipient’s procurement plan for the Activities dated December 2018 (“Procurement Plan”) provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the World Bank.
Article III
Withdrawal of the Advance

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Advance 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 “Disbursement Guidelines for Investment Project Financing” dated February 2017, 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 each category of Eligible Expenditures that may be financed out of the proceeds of the Advance (“Category”), the amount of the Advance allocated 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 Advance Allocated (expressed in Dollars)</th>
<th>Percentage of Expenditures to be Financed (inclusive/exclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods, non-consulting, services, consulting services, Training and Operating Costs under the Activities</td>
<td>US$ 6,000,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>US$ 6,000,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

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. **Refinancing Date.** The Refinancing Date is June 30, 2020.

Article IV
Terms of the Advance

4.01. **Service Charge.** The Recipient shall pay a service charge on the Withdrawn Advance Balance at the rate of three-fourths of one percent (3/4 of 1%) per annum. The service charge shall accrue from the respective dates on which amounts of the Advance are withdrawn and shall be paid in arrears in accordance with the provisions of Section 4.02 of this Agreement. Service charges shall be computed on the basis of a 360-day year of twelve 30-day months.
4.02. **Repayment.** The Withdrawn Advance Balance shall be repaid by the Recipient to the World Bank (together with any service charges accrued thereon) in accordance with the provisions of Article IV of the Standard Conditions and the following provisions:

(a) **Refinancing under the Refinancing Agreement:** If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, then the full amount of the Withdrawn Advance Balance shall be repaid to the World Bank (together with any service charges accrued on the Advance to the date of repayment) as soon as the Refinancing Agreement becomes effective, by means of a withdrawal by the World Bank of an amount of the Refinancing Proceeds equivalent to the Withdrawn Advance Balance plus such service charges, in accordance with the provisions of the Refinancing Agreement.

(b) **Repayment in the absence of a Refinancing Agreement:** If, on or before the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, or if, by such date, it has been so executed but terminates without becoming effective, then:

(i) if the amount of the Withdrawn Advance Balance does not exceed $50,000, it shall be repaid by the Recipient to the World Bank (together with service charges accrued on the Withdrawn Advance Balance to the date of repayment) on such date as the World Bank shall specify in a notice to the Recipient, which shall in no event be earlier than 60 days following the date of dispatch of such notice; and

(ii) if the amount of the Withdrawn Advance Balance exceeds $50,000, it (together with service charges accrued on the Withdrawn Advance Balance to the Notice Date) (the “Aggregate Balance”) shall be paid by the Recipient to the World Bank in ten approximately equal semiannual installments, in the amounts and on the dates (“Payment Dates”) which the World Bank shall specify in a notice to the Recipient. In no event shall the first Payment Date be set earlier than 60 days following the date (“Notice Date”) of dispatch of such notice. The Recipient shall pay a service charge on the Aggregate Balance at the rate of three-fourths of one percent (3/4 of 1%) per annum, payable in arrears on each Payment Date. The service charge shall be computed on the basis of a 360-day year of twelve 30-day months.

**Article V**

**Recipient’s Representative; Addresses**

5.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 9.02 of the Standard Conditions is the minister responsible for finance.

5.02. **Recipient’s Address.** The Recipient’s Address referred to in Section 9.01 of the Standard Conditions is its ministry of finance:

Federal Ministry of Finance
Ahmadu Bello Way
Abuja, Nigeria

Cable address: Facsimile:
5.03. *World Bank’s Address*. The World Bank’s Address referred to in Section 9.01 of the Standard Conditions is:

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

Telex:  
248423 (MCI) or 64145 (MCI)

Facsimile:  
(1)-202-477-6391