

CONFORMED COPY

CREDIT NUMBER 4539 - NG

Financing Agreement

(Commercial Agriculture Development Project)

between

FEDERAL REPUBLIC OF NIGERIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated May 5, 2009



FINANCING AGREEMENT

AGREEMENT dated May 5, 2009, entered into between the FEDERAL REPUBLIC OF NIGERIA (“Recipient”) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). 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 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 million and seven hundred thousand Special Drawing Rights (SDR 100,700,000) (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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 2.05. The Payment Dates are April 1 and October 1 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 Part C of the Project through FMAWR concurrently with the Participating States; and (b) cause the Participating States to carry out, within their respective jurisdictions, Parts A, B, and C 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 CADA Enabling Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of any CADA 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 Subsidiary Agreement.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Condition of Effectiveness consists of the following: that at least one Subsidiary Agreement has been executed on behalf of the Recipient and one Participating State.
- 5.02. The Additional Legal Matter consists that the Subsidiary Agreement referred to in Section 5.01 of this Agreement has been duly authorized or ratified by the Recipient and one Participating State and is legally binding upon the Recipient and that Participating State 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 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
Central Business District
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
Washington, D.C.

248423 (MCI)

1-202-477-6391

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

FEDERAL REPUBLIC OF NIGERIA

By /s/ Mansur Muhtar

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Onnu Ruhl

Authorized Representative

SCHEDULE 1

Project Description

The objectives of the Project are to: (i) strengthen agricultural production systems, and (ii) facilitate access to market for small and medium scale commercial farmers engaged in targeted agricultural value chains including aquaculture, cocoa, dairy, fruit trees, maize, palm oil, poultry, and rice in the Participating States.

The Project consists of the following Parts:

Part A: Agricultural Production and Commercialization

1. Provision of support, including technical advisory services, aimed at demonstrating and disseminating appropriate technologies, including propagation and use of improved exotic quality, high yielding seeds and seedlings, pest and disease resistant varieties, improved agronomic practices, cocoa beans drying and palm oil and kernel oil extraction improved techniques, hatchery development for fingerlings, waste water management for aquaculture, and improved technologies for egg and birds transportation, artificial insemination, milk hygiene and management of cold chain equipments, improved rice production and post harvest techniques.
2. Provision of grants to eligible Beneficiaries to empower them to adopt superior agricultural technologies and to enhance their farming and managerial capacity with a view to enabling them to improve their access to existing market opportunities for their produce.
3. Provision of support to small and medium scale commercial farmers to empower them with adequate tools and techniques, including land development and preparation, seed multiplication, extension and advisory services, soil and water management, animal traction and rotary cultivators, and primary processing technologies needed to increase the yield as well as the production of staple crops.
4. Development of appropriate market information systems to generate relevant marketing data and to disseminate the same in a timely manner among commercial farmers to increase their awareness about opportunities available for marketing their produce at the domestic as well as at the international markets level.
5. Formulation and carrying out of training programs aimed at building the capacity of CIGs and CADAs to plan and execute programs required to sustain the development and expansion of their membership's farming operations.

Part B: Improvement of Rural Infrastructure

1. Construction and rehabilitation of about 500 km of selected farm access roads through the use of output and performance based road contracts mechanism.

2. Rehabilitation and maintenance of existing rural electricity infrastructure to provide electricity to commercial farmers eligible under the Project.

Part C: Project Management, Monitoring and Evaluation

1. Provision of logistical and technical support required to sustain activities pertaining to management, coordination, and supervision of the execution of the Project, including establishment and maintenance of appropriate management information systems and monitoring and evaluation systems.
2. Acquisition of technical advisory services and provision of training to enhance managerial and technical capacity for staff involved with implementation of the Project at the Federal and at the State levels.
3. Carrying out of studies required to foster sustainability of the Project, including: (i) evaluation of relevant models of commercial agriculture; (ii) development of efficient irrigation schemes; (iii) strengthening of adequate information systems and knowledge base; (iv) promotion of improved decision making processes at the farm level; and (v) identification and promotion of alternative sources of energy to be made available to commercial farmers.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. **Institutional Arrangements**

1. The Recipient shall: (a) carry out Part C of the Project concurrently with the Participating States; and (b) cause each Participating State to carry out Parts A, B, and C of the Project within its jurisdiction, all in accordance with the provisions of the PIM, the ESMF, and the RPF; except as the Association shall otherwise agree, the Recipient shall not amend or waive any provision of any of these documents.
2. Federal Level Coordination and Implementation
 - (a) The Recipient shall entrust overall responsibility for the execution of the Project to FMAWR which shall discharge the said responsibility through NFRA.
 - (b) To secure an efficient overall coordination and prompt and timely execution of the Project, the Recipient shall maintain at all times during the Project implementation period, the following agencies: (i) NSC, with membership and functions satisfactory to the Association; and (ii) NCO, with mandate, resources, and qualified and experienced staff in adequate numbers, satisfactory to the Association.
 - (c) Without limitation upon the provisions of Paragraph 2 (b) of this Section: (i) NSC shall be responsible for Project oversight at the federal level, review and approval of the annual work program and budget of the NCO, and review of progress achieved in implementation of the Project; and (ii) NCO shall be responsible for day-to-day overall coordination of Project implementation at the national level.
3. State Level Coordination and Implementation
 - (a) The Recipient shall cause each Participating State to establish and thereafter maintain at all times during implementation of the Project: (i) SSC with membership and functions satisfactory to the Association; and (ii) SCADO, with mandate, resources, and qualified and experienced staff in adequate numbers, satisfactory to the Association, so as to ensure prompt and efficient implementation of the Project.
 - (b) Without limitation upon the provisions of Paragraph 3 (a) of this Section:
 - (i) SSC shall perform the oversight, policy and strategic orientation functions for the Project and shall review and approve work plans and related budgets; and review the progress achieved in the execution of the Project.

- (ii) SCADO shall coordinate the day-to-day implementation of the Project in the Participating State.
- (c) CIGs shall identify, prepare, implement, operate and maintain Subprojects.
- (d) CADAs shall: (i) review Subprojects prepared by CIGs to ensure consistency with the eligibility criteria set out in the PIM; (ii) approve proposed Subprojects which are responsive to the established criteria; and (iii) monitor the implementation of the said Subprojects.

4. Financial Management Units

The Recipient shall cause each Participating State to maintain at all times during the implementation of the Project, its PFMU, in form and with mandates, resources, and qualified and experienced staff in adequate numbers, all satisfactory to the Association, so as to ensure prompt and efficient implementation of the Project.

5. Work Plans and Budgets

- (a) The Recipient shall prepare and furnish to the Association for its approval, not later than September 30 in each year during the implementation of the Project or such later date as the Association may agree, annual work plans and budgets containing all activities, including proposed Subprojects, to be carried out in the following calendar year at FMAWR level and at each Participating State level.
- (b) The Recipient shall cause each Participating State to implement, monitor and evaluate its annual work plan and budget in accordance with the provisions set forth in this Agreement and in more detail in the PIM and the respective Subsidiary Agreements as they shall have been approved by the Association pursuant to the provisions of paragraph (a) above.

B. Subsidiary Agreements

- 1. To facilitate the carrying out of the Project, the Recipient shall make a portion of the proceeds of the Financing available to each Participating State under a Subsidiary Agreement entered into between the Recipient and the Participating State, under terms and conditions which shall have been approved by the Association.
- 2. The Recipient shall exercise its rights under each Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

C. Subprojects and Grants

- 1. Subprojects shall be selected in accordance with the procedures, guidelines, eligibility criteria and other provisions set forth in detail in the PIM and outlined hereunder. The

SCADO in a Participating State, through the NCO, shall submit summaries of all Subprojects to the Association, including data on any resettlement. Subprojects shall be implemented with due diligence and efficiency and in accordance with sound administrative, agricultural, financial, technical, environmental and social practices.

2. The Recipient shall cause each Participating State to provide Grants to Beneficiaries through its SCADO in accordance with the eligibility criteria and the terms and conditions set forth in the PIM and in a Grant Agreement to be entered into between its SCADO and the Beneficiary, which shall include the following:
 - (a) The SCADO shall obtain rights adequate to protect its interests and the interests of the Participating State and those of the Recipient and the Association, including the right to suspend or terminate the right of the Beneficiary to use the proceeds of the Grant and obtain a refund of all or any part of the amount of the Grant then withdrawn, upon the Beneficiary's failure to perform any of its obligations under the Grant Agreement;
 - (b) The SCADO shall require each Beneficiary to: (i) carry out Subproject activities with due diligence and efficiency and in accordance with sound agricultural, technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of the proceeds of the Credit other than the Recipient; (ii) provide, promptly as needed, the resources required for the purpose; (iii) procure the goods, works and services to be financed out of the Grant in accordance with the provisions of this Agreement; and (iv) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the Subproject activities and the achievement of its objectives; and
 - (c) The Participating State shall require each Beneficiary to: (i) 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 the Subproject activities; (ii) at the Association's or the Recipient's request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association; (iii) enable the Recipient and the Association to inspect the Subproject activities, its operation and any relevant records and documents; and (iv) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.
3. The Recipient shall cause each Participating State, acting through its SCADO, to exercise its rights under each Grant Agreement in such manner as to protect its interests and the interests of the Recipient and the Association and to accomplish the purposes of the

Financing. Except as the Recipient and the Association shall otherwise agree, the Participating State shall not assign, amend, abrogate or waive any Grant Agreement or any of its provisions.

D. Anti-Corruption

The Recipient shall: (i) carry out Part C of the Project concurrently with the Participating States; and (ii) cause each Participating State to carry out Parts A, B and C of the Project; all in accordance with the provisions of the Anti-Corruption Guidelines.

E. Safeguards

1. The Recipient shall: (i) carry out Part C of the Project concurrently with the Participating States; and (ii) cause each Participating State to carry out Parts A, B and C of the Project; all in accordance with the provisions of the ESMF, PMP, and RPF.
2. Except as the Recipient and the Association shall otherwise agree, the Recipient shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, the ESMF, PMP or RPF or any provision thereof.

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 the indicators set forth in paragraph 2 below. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Association not later than 30 days after the end of the period covered by such report.
2. The performance indicators referred to in paragraph 1 above consist of the following:
 - (a) Commercial agriculture production and productivity shall have increased by December 31, 2014 as follows: (i) 25 percent increase in total production of targeted value chains including rice, maize, palm oil, cocoa, fruit trees, poultry, aquaculture and dairy; (ii) 25 percent increase in yield for targeted value chain commodities including crops, poultry, fisheries and dairy; (iii) 40 percent increase in net sales by value of agricultural products for targeted value chains; (iv) the rate of adoption of improved agricultural technologies in targeted value chains has increased by: (A) 30 percent for fisheries, (B) 50 percent for palm oil, cocoa and fruit trees and dairy, (C) 60 percent for poultry; and (D) 70 percent for maize and rice;

(v) access to markets has improved by: (A) 60 percent of farmers covered by the Project have received market information relevant for their produce, (B) 40 percent of farmers covered by the Project have had access to products markets, (C) 50 percent of CADAs have enhanced their capacity to develop and implement business plans for approved Subprojects, and 80 percent of CADAs have managed to keep adequate farm records.

- (b) Rural infrastructure has improved by December 31, 2014, as follows: (i) 25 percent decrease in travel time from farm to market; (ii) 25 percent decrease in the cost of transportation of agriculture products from the farm to the market; and (iii) 60 percent increase in the number of farmers connected to electricity networks in targeted locations under the Project.
- (c) Management, monitoring and evaluation capacity has improved as follows: (i) 80 percent of work plans have been implemented within targeted timeframes; (ii) the rate of compliance in collection of data and inputting them into relevant management information systems stands at 80 percent; (iii) the rate of timeliness in preparation and submission of the required Project reports stands at 80 percent; and (iv) the rate of compliance with financial management requirements stands at 100 percent.

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 30 days after the end of each calendar semester, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Association.
3. The Recipient shall have its Financial Statements for the Project 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, commencing with the fiscal year in which the first withdrawal under the Preparation Advance was made. 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

1. **Goods and Works.** All goods and works required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement method or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Works

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used.

<u>Procurement Methods</u>
(a) Limited International Bidding
(b) National Competitive Bidding
(c) Shopping
(d) Direct Contracting
(e) Community Participation

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following table specifies methods of procurement, other than Quality and Cost-based Selection, which may be used

for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

Procurement Methods
(a) Quality-Based Selection
(b) Single Source Selection
(c) Selection Based on the Consultants' Qualifications
(d) Individual Consultants
(e) Least-Cost Selection

D. Review by the Association of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association.

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:

Category	Amount of the Credit Allocated (expressed in SDR)	Percentage of Expenditures to be Financed
(1) Civil works	29,600,000	100%
(2) Goods and equipment	35,500,000	100%
(3) Training and workshops	4,200,000	100%
(4) Consultant services	9,100,000	100%
(5) Grants	10,000,000	100% of amounts disbursed to the Beneficiaries
(6) Operating Costs	2,600,000	100%
(7) Refund of Preparation Advance	700,000	Amount payable pursuant to Section 2.07 of the General Conditions
(8) Unallocated	9,000,000	
Total Amount	100,700,000	

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; and
 - (b) for payments under any Category to be made with respect to 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 CADA in form and substance satisfactory to the Association; and

- (ii) the Association has received an opinion pursuant to Section 8.02 (b) of the General Conditions that the Subsidiary Agreement has been duly authorized or ratified by the Recipient and the concerned Participating State and is legally binding upon the Recipient and the Participating State in accordance with its terms.

- 2. The Closing Date is December 31, 2014.

SCHEDULE 3**Repayment Schedule**

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each April 1 and October 1	
commencing April 1, 2019 to and including October 1, 2028	1%
Commencing April 1, 2029 to and including October 1, 2048	2%

* 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

1. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006.
2. “Beneficiary” means a CIG in any Participating State, as hereinafter defined, which has met the Grant eligibility criteria as set out in the PIM and as a result, has received, or is entitled to receive a Grant, as hereinafter defined.
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006.
5. “CIG” means the Commodity Interest Groups referred to under Part A of the Project.
6. “ESMF” means the Environment and Social Management Framework prepared and adopted by the Recipient, dated January 12, 2008, 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 amended by the Recipient from time to time, with the prior written agreement of the Association.
7. “CADA” means a Commercial Agricultural Development Association established and operating pursuant to Decree No. 90 of 1993 on Cooperative Societies of the Recipient, and directed by a management committee, governed by rules and regulations adopted pursuant to the participatory and socially inclusive procedures set forth in the PIM as hereinafter defined, duly registered with the cooperative department of a Participating State, and consisting of farmers whose activities pertain in any of the agricultural value chains targeted under the Project.
8. “CADA Enabling Legislation” means Decree No. 90 of 1993 on Cooperative Societies of the Recipient which is referred to in paragraph 7 above.
9. “FMAWR” means the Recipient’s Federal Ministry of Agriculture and Water Resources.
10. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006).
11. “Grant” means a grant to be made out of the proceeds of the Financing to a Beneficiary.

12. “Grant Agreement” means the agreement to be entered into between the Participating State, through its SCADO, and a Beneficiary for provision of a Grant.
13. “NCO” means the National Coordination Office referred to in paragraph 2 (b) (i) of Section I.A of Schedule 2 to this Agreement.
14. “NFRA” means the National Food Reserve Agency established within FMAWR and further referred to in paragraph 2 of Section I.A of Schedule 2 to this Agreement.
15. “NSC” means the National Steering Committee referred to in paragraph 2 (b) (ii) of Section I.A of Schedule 2 to this Agreement.
16. “Operating Costs” means the incremental expenses incurred by the Recipient and the Participating States, based on amounts and budgets approved by the Association, on account of Project implementation, management, and monitoring, including office space rental and utilities, office supplies and equipment, bank charges, communications, vehicle operation, maintenance, insurance cost, building and equipment maintenance, travel, supervision and advertising.
17. “Participating State” means any of the Recipient’s States which has entered into a Subsidiary Agreement, with the Recipient, in accordance with Section I.B of Schedule 2 to this Agreement.
18. “PFMU” means the Project Financial Management Unit established by each Participating State in its Office of the State Accountant General and further referred to in paragraph 4 of Section I.A of Schedule 2 to this Agreement.
19. “PIM” means the Project Implementation Manual adopted by the Recipient and dated January 26, 2009, outlining the institutional and operational arrangements for implementation of the Project including, *inter alia*, procurement procedures, disbursement arrangements, performance indicators, environmental safeguards, monitoring and evaluation arrangements, terms of reference of staff and other administrative, financial and organizational arrangements, and setting forth the Grant eligibility criteria for the Subprojects, as hereinafter defined, including any schedules to the manual, as such manual may be amended by the Recipient from time to time, with the prior written agreement of the Association.
20. “PMP” means the Pest Management Plan adopted by the Recipient and dated January 12, 2008, as such Plan may be amended by the Recipient from time to time, with the prior written agreement of the Association.
21. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006.
22. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated November 26, 2008 and referred to in paragraph 1.16 of the Procurement Guidelines and

paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of the said paragraphs.

23. “Preparation Advance” means the advance referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association on July 21, 2008 and on behalf of the Recipient on August 8, 2008.
24. “RPF” means the Resettlement Policy Framework dated January 12, 2008, 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.
25. “SCADO” means the State Commercial Agriculture Development Office referred to in paragraph 3 (a) (ii) of Section I.A of Schedule 2 to this Agreement.
26. “SSC” means the State Steering Committee referred to in paragraph 3 (a) (i) of Section 1.A of Schedule 2 to this Agreement.
27. “Subproject” means any Subproject to be carried out by any Beneficiary under Part A of the Project in accordance with eligibility criteria set out in the PIM.
28. “Subsidiary Agreement” means the agreement referred to in Section I.B of Schedule 2 to this Agreement as the same may be amended from time to time with the prior written consent of the Association, and such term includes all schedules to such Subsidiary Agreement.
29. “Training” means incremental reasonable expenditures approved by the Association on basis of budgets acceptable to the Association to finance the cost of training activities, workshops and seminars related to the Project including inter alia expenses for rental of conference rooms, acquisition of materials and supplies and required office equipment.

Section II. Modifications to the General Conditions

The modifications to the General Conditions for Credits and Grants of the Association, dated July 1, 2005 (as amended through October 15, 2006) are as follows:

1. Section 2.07 is modified to read as follows:

“Section 2.07. *Refinancing Preparation Advance*”

If the Financing Agreement provides for the repayment out of the proceeds of the Financing of an advance made by the Association or the Bank (“Preparation Advance”), the Association shall, on behalf of the Recipient, withdraw from the Financing Account on or after the Effective Date the amount required to repay the withdrawn and outstanding balance of the advance as at the date of such withdrawal from the Financing Account and

to pay all accrued and unpaid charges, if any, on the advance as at such date. The Association shall pay the amount so withdrawn to itself or the Bank, as the case may be, and shall cancel the remaining unwithdrawn amount of the advance.”

2. Paragraph (i) of Section 6.02 is modified to read as follows:

“Section 6.02. *Suspension by the Association*

... (l) *Ineligibility.* The Association or the Bank has declared the Project Implementing Entity ineligible to receive proceeds of any financing made by the Association or the Bank or otherwise to participate in the preparation or implementation of any project financed in whole or in part by the Association or the Bank, as a result of a determination by the Association or the Bank that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by the Association or the Bank.”

3. The following terms and definitions set forth in the Appendix are modified or deleted as follows, and the following new terms and definitions are added in alphabetical order to the Appendix as follows, with the terms being renumbered accordingly:

- (a) The term “Project Preparation Advance” is modified to read “Preparation Advance” and its definition is modified to read as follows:

“‘Preparation Advance’ means the advance referred to in the Financing Agreement and repayable in accordance with Section 2.07.”