

CONFORMED

CREDIT NUMBER 3751 UNI

Development Credit Agreement

(Partnership for Polio Eradication Project)

between

FEDERAL REPUBLIC OF NIGERIA

and

**INTERNATIONAL DEVELOPMENT ASSOCIATION,
in its own capacity and as administrator of the Polio Eradication Trust Fund**

Dated June 24, 2003

CREDIT NUMBER 3751 UNI

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated June 24, 2003, between the FEDERAL REPUBLIC OF NIGERIA (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) in its own capacity and as administrator of the Polio Eradication Trust Fund;

WHEREAS (A) the Borrower having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, the Association is desirous of assisting the Borrower in the financing of the Project;

(B) pursuant to an initiative of the Partnership Investment Program for Polio which has the objective to eradicate Poliomyelitis by 2005 (the "Program"), the Association has established the Polio Eradication Trust Fund, constituted of funds contributed by the Bill and Melinda Gates Foundation, and administered by the Association (the "Trust Fund"), to provide relief on debt incurred in eradicating Polio;

(C) the Borrower has requested assistance from the Association, as administrator of the Trust Fund, for the payment of commitment and service charges payable under this Agreement as they fall due, and, upon successful completion of the Project as specified herein, the cancellation of the indebtedness of the Borrower under this Agreement through the transfer of the principal amount of the Credit to the Association, as administrator of the Trust Fund, and the cancellation of such debt by the Association, as administrator of the Trust Fund, but only on condition that the Borrower agrees to undertake the obligations set forth in this Agreement;

(D) the Association has agreed that the Borrower is eligible for assistance under the Partnership Investment Program for Polio, and that such request for assistance is consistent with the provisions of the Trust Fund; and

WHEREAS the Association has agreed, on the basis, *inter alia*, of the foregoing, to extend the Credit to the Borrower and to provide financing from the Trust Fund and to take the other actions described in this Agreement as administrator of the Trust Fund upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985, (as amended through October 6, 1999)(the General Conditions), with the modifications set forth below constitute an integral part of this Agreement.

(a) Section 7.01(d) is modified to read:

“The Borrower or any Project implementation entity shall, without the consent of the Association, have (i) assigned or transferred, in whole or in part, any of its obligations arising under the Development Credit Agreement, except that the Borrower may assign the Credit upon completion of the Project to the Association, as administrator of the Trust Fund; or (ii) sold, leased, transferred, assigned, or otherwise disposed of any property or assets financed wholly or in part out of the proceeds of the Credit, except with respect to transactions in the ordinary course of business which, in the opinion of the Association, (A) do not materially and adversely affect the ability of the Borrower to perform any of its obligations under the Development Credit Agreement or to achieve the objectives of the Project, or the ability of the Project implementation entity to perform any of its obligations arising under, or entered into pursuant to, the Development Credit Agreement, or to achieve the objectives of the Project; and (B) do not materially and adversely affect the financial condition or operation of the Project implementation entity.”

(b) After the transfer of the principal amount of the Credit to the Association, as administrator of the Trust Fund, Section 12.05 of the General Conditions is modified to read, “The Development Credit Agreement and all obligations of the parties thereunder shall terminate if and when (i) the Assignment and Release Agreement is duly executed by the Borrower and the Association, or (ii) the entire principal amount of the Credit withdrawn from the Credit Account and all charges which shall have accrued on the Credit shall have been paid, whichever occurs first.”

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

i. “Assignment and Release Agreement” means an agreement to be entered into between the Borrower and the Association in its own capacity and as

administrator of the Trust Fund in accordance with the provisions of this Agreement and substantially in the form of Schedule 6 to this Agreement;

ii. "Assignment Trigger" means the receipt by the Association of the WHO Performance Audit (defined hereunder), satisfactory to the Association;

iii. "Buy-Down" means the assistance provided by the Association, as administrator of the Trust Fund, for the payment of commitment and service charges payable under this Agreement as they fall due, and the transfer of the principal amount of the Credit to the Association, as administrator of the Trust Fund;

iv. "Buy-Down Completion Date" means the date specified in Section 2.04 of this Agreement;

v. "Eligible Categories" means Categories 1 and 2 set forth in the table in Schedule 1 to this Agreement;

vi. "Financial Monitoring Report" or "FMR" means each report prepared in accordance with Section 4.02 of this Agreement;

vii. "FMOH" means the Federal Ministry of Health of the Borrower;

viii. "National Immunization Day" or "NID" means the date selected by NPI for the nationwide administration of Oral Polio Vaccine;

ix. "NPI" means the National Programme on Immunization, a Federal Government parastatal of the FMOH established by Decree No. 12 of 1997;

x. "Sub-National Immunization Day" or "SNID" means the date selected by NPI for the administration of Oral Polio Vaccine in selected States;

xi. "Project Account" means the account referred to in Section 3.03 (a) of this Agreement;

xii. "Repayment Amount" means the amount which has been calculated by the Association, based on prevailing exchange and interest rates on the date of the Credit Agreement, as the US Dollar equivalent of the net present value of the principal repayments due by the Borrower under Section 2.07 of the Credit Agreement, which net present value has been determined using the SDR-basket rate for maturities greater than 8.5 years, calculated using the Commercial Interest Reference Rates (CIRR) published by the OECD for the component currencies of the SDR;

xiii. "UNICEF" means the United Nations Children's Fund;

xiv. “UNICEF Procurement Agreement” means the Agreement dated February 27, 2003 between the Borrower and UNICEF for Procurement Services for the Oral Polio Vaccine;

xv. “WHO” means the World Health Organization; and

xvi. “WHO Performance Audit” means a report, substantially in the form of Schedule 5 to this Agreement, confirming the successful completion of the Project.

ARTICLE II

The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement, an amount in various currencies equivalent to twenty million nine hundred thousand Special Drawing Rights (SDR 20,900,000).

Section 2.02. The amount of the Credit may be withdrawn from the Credit Account for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Credit.

Section 2.03. The Closing Date shall be October 31, 2005 or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

Section 2.04. (a) The Buy-Down Completion Date shall be December 31, 2005 or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

(b) The obligations of the Association as administrator of the Trust Fund under Sections 2.05, 2.06 and 2.09 of this Agreement shall terminate on the first business day following the Buy-Down Completion Date.

Section 2.05. (a) The Borrower shall pay to the Association a commitment charge on the principal amount of the Credit not withdrawn from time to time at a rate to be set by the Association as of June 30 of each year, but not to exceed the rate of one-half of one percent (1/2 of 1%) per annum.

(b) The commitment charge shall accrue: (i) from the date sixty days after the date of this Agreement (the accrual date) to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or cancelled; and (ii) at the

rate set as of the June 30 immediately preceding the accrual date and at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied from the next date in that year specified in Section 2.06 of this Agreement.

(c) The Association, as administrator of the Trust Fund, will pay on behalf of the Borrower the commitment charge referred to in paragraph (a) above as it falls due, until the earlier of (i) the date of the Assignment and Release Agreement, or (ii) the Buy-Down Completion Date.

(d) The commitment charge shall be paid: (i) at such places as the Association shall reasonably request; (ii) without restrictions of any kind imposed by, or in the territory of, the Borrower; and (iii) in the currency specified in this Agreement for the purposes of Section 4.02 of the General Conditions or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of that Section.

Section 2.06. (a) The Borrower shall pay to the Association a service charge at the rate of three-fourths of one percent ($3/4$ of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

(b) The Association, as administrator of the Trust Fund, will pay on behalf of the Borrower the service charge referred to in paragraph (a) above as it falls due, until the earlier of (i) the date of the Assignment and Release Agreement, or (ii) the Buy-Down Completion Date.

Section 2.07. Commitment charges and service charges shall be payable semiannually on April 1 and October 1 in each year.

Section 2.08. (a) Subject to paragraphs (b), and (c) below, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each April 1 and October 1 commencing October 1, 2013, and ending April 1, 2038. Each installment to and including the installment payable on April 1, 2023 shall be one and one-fourth percent ($1-1/4\%$) of such principal amount, and each installment thereafter shall be two and one-half percent ($2-1/2\%$) of such principal amount.

(b) Whenever: (i) the Borrower's per capita gross national product (GNP), as determined by the Association, shall have exceeded for three consecutive years the level established annually by the Association for determining eligibility to access the Association's resources; and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the repayment of installments under paragraph (a) above by:

- (A) requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid; and
- (B) requiring the Borrower to commence repayment of the principal amount of the Credit as of the first semiannual payment date referred to in paragraph (a) above falling six months or more after the date on which the Association notifies the Borrower that the events set out in this paragraph (b) have occurred, provided, however, that there shall be a grace period of a minimum of five years on such repayment of principal.

(c) If, at any time after a modification of terms pursuant to paragraph (b) above, the Association determines that the Borrower's economic condition has deteriorated significantly, the Association may, if so requested by the Borrower, further modify the terms of repayment to conform to the schedule of installments as provided in paragraph (a) above.

Section 2.09. Following the Assignment Trigger, the Association shall assign the Borrower's obligation to repay the principal amount due under this Agreement to the Association, as administrator of the Trust Fund by concluding an Assignment and Release Agreement with the Borrower and the Association in its own capacity, substantially in the form of Schedule 6 to this Agreement.

Section 2.10. The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

ARTICLE III

Execution of the Project

Section 3.01. The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement and, to this end, shall carry out the Project through FMOH with due diligence and efficiency and in conformity with appropriate medical, administrative and financial policies and practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

Section 3.02. Except as the Association shall otherwise agree, procurement of the goods required for the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.03. Without limitation to its obligations under Section 3.01 of this Agreement, the Borrower shall cause the FMOH to:

(a) maintain an account in Naira in a commercial bank acceptable to the Association on terms and conditions satisfactory to the Association (the "Project Account"); and

(b) use the funds in the Project Account exclusively to finance expenditures under the Project and not otherwise financed out of the proceeds of the Credit.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall cause NPI to maintain a financial management system, including records and accounts, adequate to reflect the operations, resources and expenditures related to the Project.

(b) With respect to Part A of the Project the Borrower shall, in accordance with the terms of the UNICEF Agreement:

1. require UNICEF to maintain a separate ledger account in which all receipts and expenditures financed for Part A of the Project will be recorded;
2. require UNICEF to prepare and furnish to the Borrower as soon as available but in any case not later than 60 days after the end of each quarter "utilization" reports prepared in accordance with the provisions of Clauses 11 and 12 of Article III of the UNICEF Agreement, which reports shall include the information required under Clause 12 and Annex 5 of the said agreement, and
3. as soon as possible after their receipt from UNICEF, provide copies of the said reports to the Association.

(c) With respect to Parts B and C of the Project, upon the Association's request, the Borrower shall:

- (i) have the records, accounts and financial statements referred to in paragraph (a) of this Section audited for the period indicated in the Association's request, in accordance with auditing standards acceptable to the Association, consistently applied, by independent auditors acceptable to the Association;

- (ii) furnish to the Association as soon as available, but in any case not later than four months after the date of the Association's request for such audit, (A) certified copies of the financial statements referred to in paragraph (a) of this Section for such period as so audited, and (B) an opinion on such statements, records and accounts and report of such audit, by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and
- (iii) furnish to the Association such other information concerning such records and accounts, and the audit thereof, and concerning said auditors, as the Association shall have reasonably requested.

Section 4.02. (a) The Borrower shall cause NPI to prepare and furnish to the Association a financial monitoring report, in form and substance satisfactory to the Association, which:

- (ii) sets forth sources and uses of funds for the Project, both cumulatively and for the period covered by said report, showing separately funds provided under the Credit, and explains variances between the actual and planned uses of such funds;
- (iii) describes physical progress in Project implementation such as the NIDs and SNIDs ICC-approved reports, both cumulatively and for the period covered by said report, and explains variances between the actual and planned Project implementation; and
- (iv) sets forth the status of procurement under the Project, as at the end of the period covered by said report.

(b) The first FMR shall be furnished to the Association not later than 90 days after the end of the first calendar quarter after the Effective Date, and shall cover the period from the incurrence of the first expenditure under the Project through the end of such first calendar quarter; thereafter, each FMR shall be furnished to the Association not later than 90 days after each subsequent calendar quarter, and shall cover such calendar quarter.

ARTICLE V

Remedies of the Association

Section 5.01. Pursuant to Section 6.02 (h) of the General Conditions, the following additional event is specified, namely, that a situation shall have arisen which will make it improbable that the Program in the territory of the Borrower or a significant part thereof will be carried out.

ARTICLE VI

Termination

Section 6.01. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VII

Representative of the Borrower; Addresses

Section 7.01. The Minister of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

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

Cable address:

FEDMINFIN
Abuja

For the Association:

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

Cable address:

INDEVAS
Washington, D.C.

Telex:

248423 (MCI)
64145 (MCI)

Facsimile:

(202) 477 6391

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in Abuja, Federal Republic of Nigeria as of the day and year first above written.

FEDERAL REPUBLIC OF NIGERIA

By: /s/ T.A. Iremiren

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION
in its own capacity and as Administrator of the Polio
Eradication Trust Fund

By: /s/ Mark D. Tomlinson

Acting Regional Vice President
Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Credit, the allocation of the amounts of the Credit to each Category and the percentage of expenditures for items so to be financed in each Category:

<u>Category</u>	<u>Amount of the Credit Allocated (Expressed in SDR Equivalent)</u>	<u>% of Expenditures to be Financed</u>
(1) Goods and fees	20,860,000	100%
(2) Audits	40,000	100%
TOTAL	<u>20,900,000</u> =====	

2. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement, except that withdrawals, in an aggregate amount not exceeding the equivalent of SDR 2,090,000 may be made for expenditures before that date but after September 1, 2003.

SCHEDULE 2

Description of the Project

The objective of the Project is to assist the Borrower in its efforts to eradicate Poliomyelitis through the provision of oral polio vaccine.

The Project consists of the following Parts, subject to such modifications thereof as the Borrower and the Association may agree upon from time to time to achieve such objectives:

Part A:

Provision of oral polio vaccine to national strategic cold stores in Abuja.

Part B:

Immunization of children under five years of age using oral polio vaccine under Supplemental Immunization Activities organized by NPI.

Part C:

Development of disease surveillance systems to detect cases or outbreaks of polio, and monitoring and evaluation of Supplemental Immunization Activities.

* * * *

SCHEDULE 3

Procurement

Section I. Procurement of Goods

Part A: General

Goods shall be procured in accordance with the provisions of paragraph 3.9 of the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the Bank in January 1995 and revised in January and August 1996, September 1997 and January 1999 (the Guidelines) and the following provisions of this Schedule:

Procurement from UN Agencies

Oral polio vaccine may be procured through UNICEF in accordance with the provisions of paragraph 3.9 of the Guidelines.

Prior Review

With respect to the single contract for the procurement of oral polio vaccine through UNICEF, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

Section II. Employment of Consultants

Part A: General

Consultants’ services shall be procured in accordance with the provisions of Sections I and IV of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in January 1997 and revised in September 1997, January 1999 and May 2002 (the Consultant Guidelines), paragraph 1 of Appendix 1 thereto, Appendix 2 thereto and the following provisions of Section II of this Section.

Part B: Quality- and Cost-based Selection

1. Except as otherwise provided in Part C of this Section, consultants’ services shall be procured under contracts awarded in accordance with the provisions of Section II of the Consultant Guidelines, and the provisions of paragraphs 3.13 through 3.18 thereof applicable to quality- and cost-based selection of consultants.

2. The following provision shall apply to consultants' services to be procured under contracts awarded in accordance with the provisions of the preceding paragraph: the short list of consultants for services for auditors, estimated to cost less than \$100,000 equivalent per contract, may comprise entirely national consultants in accordance with the provisions of paragraph 2.7 and footnote 8 of the Consultant Guidelines.

Part C: Other Procedures for the Selection of Consultants

1. Selection Based on Consultants' Qualifications

Services for auditors may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.7 of the Consultant Guidelines.

Post Review

With respect to the contract for auditor's services, the procedures set forth in paragraph 4 of Appendix 1 to the Consultant Guidelines shall apply.

SCHEDULE 4

Implementation Program

1. The Borrower shall maintain through FMOH:
 - (a) an Interagency Coordinating Committee including representatives of the FMOH, the Department for International Development of the United Kingdom, the United States Agency for International Development, the Canadian International Development Agency, the European Commission, Rotary International, the Japanese Government, the Christian Association of Nigeria, the International Red Cross, Coca-Cola, WHO, UNICEF and the Association.
 - (b) an Expert Review Committee, consisting of recognized national and international experts. The Expert Review Committee shall provide advice to the FMOH on strategic direction for implementation of the Project.
2. The Borrower, through the NPI, shall:
 - (a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators set forth in Schedule 5, the carrying out of the Project and the achievement of the objectives thereof;
 - (b) prepare, under terms of reference satisfactory to the Association, and furnish to the Association, on or about February 28, 2004, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and
 - (c) review with the Association, by June 30, 2004, or such later date as the Association shall request, the report referred to in paragraph (b) of this Section, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Association's views on the matter.

SCHEDULE 5

Project Indicators

1. Timely arrival of OPV at national strategic cold stores in Abuja. *Target:* vaccines arrive at least 5 weeks before the SIA.
2. Coverage of SIAs. *Target:* coverage for OPV is at least 80% in each endemic State.

SCHEDULE 6

Form of Assignment and Release Agreement

AGREEMENT, dated _____, between the FEDERAL REPUBLIC OF NIGERIA (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) in its own capacity and as administrator of the Polio Eradication Trust Fund.

WHEREAS (A) the Borrower has been determined to be eligible for assistance under the Partnership Investment Program for Polio upon successful completion of the Polio Eradication Project (the "Project") as specified in the Development Credit Agreement dated _____ "Credit Agreement") through the transfer of the principal amount of the Credit to the Association, as administrator of the Polio Eradication Trust Fund and for the cancellation of such debt by the Association, as administrator of the Polio Eradication Trust Fund;

(B) the Association has received a Performance Audit from the World Health Organization to the effect that the Borrower has successfully implemented the Project; and

(C) Upon payment of the Repayment Amount, the Association is prepared to transfer its claim for payment under the Credit Agreement to the Association, as administrator of the Polio Eradication Trust Fund, following which the Association, as administrator of Polio Eradication Trust Fund is prepared to cancel such claims and release and discharge the Borrower from such debt.

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Definitions

Section 1.01. Unless the context otherwise requires, the several terms defined in the Preamble to this Agreement have the respective meanings therein set forth, and the term "Repayment Amount" means \$_____.

ARTICLE II

Assignment

Section 2.01. In consideration of the payment of the Repayment Amount, receipt of which is hereby acknowledged, the Association hereby transfers, assigns and sets over the debt due under the Credit Agreement to the Association, and the Association's title therein, as administrator of the Polio Eradication Trust Fund, and its successors and assigns, to have and to hold, absolutely and forever.

Section 2.02. Notwithstanding the transfer and assignment of the debt due under the Credit Agreement to the Association, as administrator of the Polio Eradication Trust Fund, the Association acknowledges and agrees that the Association, as administrator of the Polio Eradication Trust Fund, does not assume and shall not be responsible for any of the liabilities or obligations of the Association in its own capacity under, or in respect of, the Credit Agreement.

ARTICLE III

Representations and Warranties

Section 3.01. The Association hereby represents and warrants that:

(a) it is the sole beneficial owner of the debt due under the Credit Agreement with good and marketable title thereto free and clear of any liens, mortgages, security interests, charges, encumbrances or rights of others (except for the rights of the Association, as administrator of the Polio Eradication Trust Fund, under this Agreement) and is exclusively entitled to possess and dispose of the debt due under the Credit Agreement in accordance with this Agreement;

(b) it has all necessary power and authority to enter into, execute and deliver this Agreement and to carry out its obligations hereunder;

(c) the execution and delivery of this Agreement and the consummation of the transactions evidenced and contemplated hereby or hereunder have been duly authorized by all necessary action on its part;

(d) this Agreement constitutes its valid and binding agreement and obligation enforceable and effective in accordance with its terms; and

(e) the performance of its obligations under this Agreement does not and will not conflict with (i) any applicable law or regulation or any judicial order in effect at the date hereof; (ii) its constitutive documents; or (iii) any agreement or document to which it is a party or which is binding on it.

Section 3.02. The Borrower represents and warrants that:

(a) it is indebted to the Association in the principal amount specified in the Credit Agreement, together with all charges accrued and unpaid thereon, subject to Sections 2.05 and 2.06 of the Credit Agreement;

(b) its liabilities in respect of the debt due under the Credit Agreement are not subject to reduction or diminution in any manner whatsoever including, without limitation, by way of set-off, compensation, counterclaim, defense, damages or otherwise; and

(c) it hereby consents to the transfer and assignment of the debt due under the Credit Agreement to Association, as administrator of the Polio Eradication Trust Fund, pursuant to this Agreement.

ARTICLE IV

Release

Section 4.01. The Association, as administrator of the Polio Eradication Trust Fund, having become the owner under this Agreement of the debt due under the Credit Agreement, hereby irrevocably and unconditionally releases and forever discharges the Borrower from any and all liabilities and payment obligations of whatsoever nature, whether present or future, arising in relation to the debt due under the Credit Agreement, all of which are hereby irrevocably cancelled.

ARTICLE V

Enforceability of Agreement; Failure to Exercise Rights; Arbitration

Section 5.01. The rights and obligations of the Borrower and the Association under this Agreement shall be valid and enforceable in accordance with their terms notwithstanding the law of any State or political subdivision thereof to the contrary. Neither the Borrower nor the Association shall be entitled in any proceeding under this Article to assert any claim that any provision of this Agreement is invalid or unenforceable because of any provision of the Articles of Agreement of the Association.

Section 5.02. No delay in exercising, or omission to exercise, any right, power or remedy accruing to either party under this Agreement upon any default shall impair any such right, power or remedy or be construed to be a waiver thereof or an acquiescence in such default. No action of such party in respect of any default, or any acquiescence by it in any default, shall affect or impair any right, power or remedy of such party in respect of any other or subsequent default.

Section 5.03. (a) Any controversy between the parties to this Agreement, and any claim by either such party against the other party arising under this Agreement which has not been settled by agreement of the parties shall be submitted to arbitration by an Arbitral Tribunal as hereinafter provided.

(b) The parties to such arbitration shall be the Association and the Borrower.

(c) The Arbitral Tribunal shall consist of three arbitrators appointed as follows: one arbitrator shall be appointed by the Association, a second arbitrator shall be appointed by the Borrower, and the third arbitrator (hereinafter sometimes called the Umpire) shall be appointed by agreement of the parties or, if they shall not agree, by the President of the International Court of Justice or, failing appointment by said President, by the Secretary-General of the United Nations. If either of the parties shall fail to appoint an arbitrator, such arbitrator shall be appointed by the Umpire. In case any arbitrator appointed in accordance with this Section shall resign, die or become unable to act, a successor arbitrator shall be appointed in the same manner as herein prescribed for the appointment of the original arbitrator, and such successor shall have all the powers and duties of such original arbitrator.

(d) An arbitration proceeding may be instituted under this Section upon notice by the party instituting such proceeding to the other party. Such notice shall contain a statement setting forth the nature of the controversy or claim to be submitted to arbitration, the nature of the relief sought, and the name of the arbitrator appointed by the party instituting such proceeding. Within thirty days after such notice, the other party shall notify to the party instituting such proceeding the name of the arbitrator appointed such other party.

(e) If within sixty days after the notice instituting the arbitration proceeding, the parties shall not have agreed upon an Umpire, either party may request the appointment of an Umpire as provided in paragraph (c) of this Section.

(f) The Arbitral Tribunal shall convene at such time and place as shall be fixed by the Umpire. Thereafter, the Arbitral Tribunal shall determine where and when it shall sit.

(g) The Arbitral Tribunal shall decide all questions relating to its competence and shall, subject to the provisions of this Section and except as the parties shall otherwise agree, determine its procedure. All decisions of the Arbitral Tribunal shall be by majority vote.

(h) The Arbitral Tribunal shall afford to all parties a fair hearing and shall render its award in writing. Such award may be rendered by default. An award signed by a majority of the Arbitral Tribunal shall constitute the award of such Tribunal. A signed counterpart of the award shall be transmitted to each party. Any such award rendered in accordance with the provisions of this Section shall be final and binding upon the parties to this Agreement. Each party shall abide by and comply with any such award rendered by the Arbitral Tribunal in accordance with the provisions of this Section.

(i) The parties shall fix the amount of the remuneration of the arbitrators and such other persons as shall be required for the conduct of the arbitration proceedings. If the parties shall not agree on such amount before the Arbitral Tribunal shall convene, the Arbitral Tribunal shall fix such amount as shall be reasonable under the circumstances. Each party shall each defray its own expenses in the arbitration proceedings. The costs of the Arbitral Tribunal shall be divided between and borne equally by the parties. Any question concerning the division of the costs of the Arbitral Tribunal or the procedure for payment of such costs shall be determined by the Arbitral Tribunal.

(j) The provisions of arbitration set forth in this Section shall be in lieu of any other procedure for the settlement of controversies between the parties to this Agreement or of any claim by either party against the other party arising hereunder.

(k) The Association shall not be entitled to enter judgment against the Borrower upon the award, to enforce the award against the Borrower by execution or to pursue any other remedy against the Borrower for the enforcement of the award, except as such procedure may be available against the Borrower otherwise than by reason of the provisions of this Section. If, within thirty days after counterparts of the award shall have been delivered to the parties, the award shall not be complied with by the Association, the Borrower may take any such action for the enforcement of the award against the Association.

(l) Service of any notice or process in connection with any proceeding under this Section or in connection with any proceeding to enforce any award rendered pursuant

to this Section shall be made in the manner provided in Section 6.01 of this Agreement. The parties to this Agreement waive any and all other requirements for the service of any such notice or process.

ARTICLE VI

Miscellaneous

Section 6.01. Any notice or request required or permitted to be given or made under this Agreement and any agreement between the parties contemplated by this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable, telex or radiogram to the party to which it is required or permitted to be given or made at such party's address hereinafter specified or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:

For the Borrower:

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

Cable address:

FEDMINFIN
Abuja

For the Association:

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

Cable address:
INDEVAS
Washington, D.C.

Telex:
248423 (MCI) or
64145 (MCI)

Facsimile:
(202) 477 6391

Section 6.02. This Agreement may be executed in several counterparts, each of which shall be an original.

Section 6.03. This Agreement shall become effective upon its execution by the parties.

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in Abuja, Federal Republic of Nigeria, as of the day and year first above written.

FEDERAL REPUBLIC OF NIGERIA

By

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION
in its own capacity and as Administrator of the Polio Eradication
Trust Fund

By

Acting Regional Vice President
Africa

