

CONFORMED COPY

CREDIT NUMBER 4250-UNI

Financing Agreement

(Malaria Control Booster Project)

between

FEDERAL REPUBLIC OF NIGERIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated February 19, 2007

CREDIT NUMBER 4250-UNI

FINANCING AGREEMENT

AGREEMENT dated February 19, 2007, between FEDERAL REPUBLIC OF NIGERIA (“Recipient”) and 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 the Financing 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 twenty one million seven hundred thousand Special Drawing Rights (SDR 121,700,000) (“Credit”) 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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 June 15 and December 15 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with repayment schedule set forth in Schedule 3 to this Agreement.

- 2.07. The Payment Currency is Dollars.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through its Federal Ministry of Health and Participating States 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 — EFFECTIVENESS; TERMINATION

- 4.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 4.02. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient (other than those providing for payment obligations) shall terminate is 20 years after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient's Representative is the Federal Minister of Finance.

5.02. The Recipient's Address is:

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

Cable address:	Facsimile:
FEDMINFIN	234-9-2343609
Abuja	

5.03. The Association's Address is:

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

Cable:	Telex:	Facsimile:
INDEVAS	248423 (MCI) or	1-202-477-6391
Washington, D.C.	64145 (MCI)	

AGREED in the District of Columbia, United States of America, as of the day and year first above written.

FEDERAL REPUBLIC OF NIGERIA

By: /s/ Nenadi E. Usman

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: /s/ Hafez Ghanem

Authorized Representative

SCHEDULE 1

Project Description

The objectives of the Project are to: (i) provide improved access to, and utilization of, Malaria Plus Package of interventions in Participating States; and (ii) strengthen federal and state ability to manage and oversee delivery of MPP interventions.

The Project consists of the following parts:

1. Federal Support

Strengthening leadership and coordination capacity of the federal government to control malaria, including: (a) acquisition and distribution of commodities to combat malaria, and strengthening government capacity to procure and administer distribution of these commodities; (b) improving monitoring and evaluation for evidence-based management; and (c) strengthening coordination and oversight capacity of NMCP.

2. State Support

Strengthening the capacity of SMOHs and LGAs to deliver MPP interventions at state and community levels in Participating States through: (a) increasing access to, and utilization of, malaria preventive measures including MPPs; (b) increasing access to, and utilization of, effective diagnostic treatment services; (c) strengthening community mobilization and communication for behavior change; (d) strengthening partnerships for resource mobilization and implementation; (e) improving monitoring and evaluation for state evidence-based management; and (f) enhancing capacity at state level for Project coordination and oversight.

SCHEDULE 2

Project Execution

Section I. Subsidiary Financing

A. Subsidiary Agreements

1. To facilitate the carrying out of the Project, the Recipient shall make parts of the proceeds of the Financing available to the Participating States under subsidiary agreements between the Recipient and Participating State, under terms and conditions approved by the Association.
2. The Recipient shall exercise its rights under the 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, arrogate or waive the Subsidiary Agreement of any of its provisions.

B. Institutional and Other Arrangements

1. The Recipient shall establish and maintain at all times during the Project implementation period, a Project Steering Committee chaired by the Federal Minister of Health and consist of representatives from federal and state agencies, LGAs, NGOs, and the private sector.
2. The Project Steering Committee shall be responsible for: (a) reviewing progress reports to be prepared by NMCP; (b) reviewing and approving annual work programs and budgets; (c) ensuring that agreed performance targets and timelines for activities under the different components are met; and (d) ensuring effective Project implementation and proactively addressing critical issues that could hinder Project implementation.
3. NMCP shall be responsible for managing and coordinating Project activities with reporting responsibility to the PSC, to this end the Recipient shall cause NMCP to: (a) maintain at all time during Project implementation effective financial management and procurement systems with qualified staff; (b) carryout overall technical management and oversight of the Project; (c) carryout procurement of malaria commodities; and (d) prepare activity budgets, monthly accounts reconciliation statement, quarterly withdrawal applications, quarterly financial

reports, and annual financial statements. All obligations shall be carried out in form and substance satisfactory to the Association.

4. The Federal Ministry of Health shall carry out an assessment of technical and fiduciary implementation capacity for each Participating State to determine the need for a PIF support.
5. SMOHs shall be responsible for the implementation of Project activities at state level with support from SPFMU, and a PIF for Participating States which shall have been deemed to be in need of a PIF support as a result of the assessment to be carried out in accordance with Paragraph B.4 above.
6. The Recipient shall cause NMCP to prepare and furnish to the Association by February 1, 2007, a Project Implementation Manual in form and substance satisfactory to the Association including details of procurement and disbursement arrangements, performance indicators and other administrative, financial and organizational arrangements.
7. The Recipient shall carry out the Project in accordance with the PIM, the Integrated Vector Management Plan, and the Medical Waste Management Plan, and shall not, except as the Association shall otherwise agree, amend or waive any provision of these documents, which in the opinion of the Association, may adversely and materially affect the implementation of the Project.
8. The Recipient shall cause each Participating State, which shall have been deemed to be in need of a PIF support, to enter into an agreement with a PIF in form and substance satisfactory to the Association for building capacity and support the respective Participating State in the development, implementation and monitoring of plans for the decentralized delivery of MPPs.

Section II. Project Monitoring, Reporting, Evaluation

A. Project Reports

1. (a) 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 below in sub-paragraph (b) of this paragraph. Each Project Report shall cover the period of one quarter, and shall be furnished to the Association not later than 45 days after the end of the period covered by such report.

- (b) The performance indicators referred to above in sub-paragraph (a) consist of the following: (i) percentage of children under the age of 5 years with fever treated with an effective antimalarial within 24 hours from onset of symptoms; (ii) percentage of infants aged 0 to 6 months who were fed only breast milk in the 24 hours preceding the survey; (iii) percentage of children under the age of 5 years who slept under an insecticide-treated mosquito net the night preceding the survey; (iv) percentage of pregnant women who received two or more doses of intermittent preventive therapy; (v) percentage of pregnant women who slept under an insecticide-treated mosquito net the night preceding the survey; and (vi) percentage of Participating States regularly using monitoring and evaluation data to manage malaria and/or maternity and child programs.
- 2. For purposes of Section 4.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than 6 months.

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 as part of the Project Report not later than 45 days after the end of each calendar quarter, interim un-audited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.
- 3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal under the Project 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 Schedule.
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 Schedule.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods 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 Method</u>
(a) Limited International Bidding
(b) National Competitive Bidding
(c) Shopping
(d) Direct Contracting

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 Method
(a) Consultant Qualifications
(b) Quality Based Selection
(c) Least Cost Selection
(d) Single Source Selection
(e) Individual Consultant
(f) Fixed-Budget Selection

D. Review by the Bank 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 this Section and such additional instructions as the Association may specify by notice to the Recipient, 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 Credit 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) Goods, works, consultants' services, workshops, training, and audit for the Project	113,500,000	100%
(2) Operating Costs	6,760,000	100%
(2) Refund of Project Preparation Advance	1,440,000	Amount payable pursuant to Section 2.07 of the General Conditions
TOTAL AMOUNT	121,700,000	

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; or
 - (b) for payments under any Category made with respect to any Participating State until: (i) a Subsidiary Agreement under terms and conditions satisfactory to the Association has been executed between the Recipient and such Participating State and is binding and has become effective; (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 such Participating State and is legally binding upon the Recipient and such Participating State; and (iii) the Participating State which shall have been deemed to be in need of a PIF support has entered into an agreement with a PIF under terms and conditions satisfactory to the Association.
2. The Closing Date is March 31, 2012.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each June 15 and December 15:	
commencing December 15, 2016 to and including June 15, 2026	1%
commencing December 15, 2026 to and including June 15, 2046.	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. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
2. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004.
3. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005, with the modifications set forth in Section II of this Appendix.
4. “Integrated Vector Management Plan” means the plan developed by the Recipient to: (a) reduce or eliminate breeding sources of malaria and other disease vectors; (b) improve vector-borne disease prevention and control through appropriate strategies; (c) reduce human vector contact; (d) boost malaria control intervention through environmental impact assessment using social, health and environmental indicators, and (e) to safeguard the environment from chemicals and management strategies adopted through sound management of healthcare wastes generated or released in the process, as the same may be amended from time to time with the prior agreement of the Association, and such term includes any schedules to the Integrated Vector Management Plan.
5. “Local Government Administration” or “LGA” means any local government administration or area established and operating pursuant to the Recipient’s Constitution dated May 29, 1999.
6. “Malaria Plus Package” or “MPP” means a set of measures aiming at preventing and treating malaria including prevention, treatment, community mobilization, monitoring and evaluation, partnerships, and program management.
7. “Medical Waste Management Plan” means the plan for the management of hazardous health and medical waste under the Project, as the same may be amended from time to time with the prior agreement of the Association, and such term includes any schedules to the Medical Waste Management Plan.
8. “National Malaria Control Program” or “NMCP” means the Recipient’s agency responsible for combating malaria.
9. “Operating Costs” means the incremental expenses incurred 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.

10. "Participating State" means any of the Recipient's States which has entered into a Subsidiary Agreement with the Recipient in accordance with Section 1.A of Schedule 2 to this Agreement.
11. "Procurement Guidelines" means the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 2004.
12. "Procurement Plan" means the Recipient's procurement plan for the Project, dated October 27, 2006 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 said paragraphs.
13. "Project Implementation Facilitator" or "PIF" means an entity to be competitively recruited by each Participating State which shall have been deemed to be in need of a PIF support to build capacity and support such Participating State in developing, implementing, and monitoring plans for decentralized delivery of MPPs.
14. "Project Implementation Manual" or "PIM" means the manual to be prepared by the Recipient, and giving details of procurement and disbursement arrangements, performance indicators and other administrative, financial and organizational arrangements, including a financial management and accounting system as shall have been agreed with the Association for purposes of the implementation of activities under the Project, as same may be amended from time to time with the prior agreement of the Association, and such term includes any schedules to the Project Implementation Manual.
15. "Project 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 August 3, 2006 and on behalf of the Recipient on August 14, 2006.
16. "Project Steering Committee" means the committee to be established by the Project Recipient to provide strategic guidance for Project implementation.
17. "State Project Financial Management Unit" or "SPFMU" means a project financial management unit satisfactory to the Association established or to be established in each Participating State in the Office of the Accountant General of the State with the responsibility for financial management of projects financed by the Association in such Participating State.

18. "State Ministry of Health" or "SMOH" means any the Ministry of Health in a Participating State.
19. "Subsidiary Agreement" means the agreement referred to in Section I.A of Schedule 2 to this Agreement pursuant to which the Recipient shall make part the proceeds of the Financing available to a Participating State.

Section II. Modifications to the General Conditions

The modifications to the General Conditions for Credits and Grants of the Association, dated July 1, 2005 are as follows:

The General Conditions is amended by replacing the word "Project Implementing Entity" with the word "Participating State".