

**CREDIT NUMBER 3556-1 - UNI**

# **Financing Agreement**

**(Additional Financing for HIV/AIDS Program Development Project)**

**between**

**FEDERAL REPUBLIC OF NIGERIA**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated October 8, 2007**

**CREDIT NUMBER 3556-1 - UNI**

**FINANCING AGREEMENT**

Agreement dated October 8, 2007, entered into between FEDERAL REPUBLIC OF NIGERIA (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing additional financing for the Original Project (as defined in the Appendix to this Agreement). 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 thirty three million one hundred thousand Special Drawing Rights (SDR 33,100,000) (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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 June 15 and December 15 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. To this end, the Recipient shall: (i) carry out the Project at Federal level through NACA; and (ii) cause the Participating States to carry out the Project at State and Local levels through the respective SACAs, all 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**

- 5.01. The Effectiveness Deadline is the date hundred and eighty (180) days after the date of this Agreement.
- 5.02. 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 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

Facsimile:  
234-9-2343609

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 Washington, D.C.	248423 (MCI) or 64145 (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/ Shamsuddeen Usman

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Hafez Ghanem

Authorized Representative

**SCHEDULE 1**

**Project Description**

The objectives of the Project are to: (i) reduce the risk of HIV infection through behavior change, and (ii) improve access to HIV/AIDS counseling, testing, and care services.

The Project consists of the Original Project.

## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

**A. Institutional and Other Arrangements.** The Recipient shall carry out the Project in accordance with the provisions of Schedule 4 to the Original Financing Agreement.

**B. Anti-Corruption**

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

**C. Safeguards**

The Recipient shall carry out the Project and cause Participating States to carry out the Project in accordance with the National Healthcare Waste Management Plan, and shall not, except as the Association shall otherwise agree, amend or waive any provision of the National Healthcare Waste Management Plan, which in the opinion of the Association, may adversely and materially affect the implementation of the Project.

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

**A. Project Reports**

1. (a) The Recipient shall cause NACA and each Participating State to 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 six months, 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:

<b>1. Outputs from each component</b>
<b>A. Capacity Development</b>
Increase in National AIDS Program Effort Index (API).
Annual HIV/AIDS summit open to representatives of public sector, civil society and external partners.
Annually, a national HIV/AIDS report is produced and disseminated.

Action plans and contracts are signed with the implementing partners.
SACAs are set up and functional, in relation to the plan.
The total number of states and LGAs with functional State Action Committees on AIDS (SACA) and Local Action Committees on AIDS (LACAs).
Disbursements from special accounts are timely and processed accurately.
State AIDS Program Effort Index (API) improved.
Proposals for financing are approved and contracts are signed quickly and efficient.
National HIV/AIDS monitoring and evaluation framework finalized and NACA reports annually on at least 75% of indicators in the framework.
The NACA and SACAs will prepare a HIV/AIDS situation analysis and assessment of program performance annually.
<b>B. Expanding the Public Sector Response</b>
Percentage of Ministries, Departments and Agencies (MDAs) that are implementing HIV/AIDS workplace policy and programs in their regular work programs by June 2009.
<b>C. HIV/AIDS Fund and Community Mobilization</b>
CSOs present at least 30 proposals for financing per year.
Proposals from CSOs are approved quickly and according to agreed criteria.
Percentage of the approved proposals implemented as planned.
<b>2. Impact/Outcome</b>
Decrease in the percentage of young people aged 15 – 24 who are HIV infected.
Percentage of women and men aged 15-49 who have had sex with a non-marital, non co-habiting sexual partner in the last 12 months.
Percentage of sex workers who in the past 12 months did not use a condom consistently during sexual intercourse with a client.
Percentage of women and men (disaggregated by young people and adults) reporting the use of condom the last time they had sex with a non-marital, non-cohabiting sexual partner.
Median age at first sex.
Percentage of orphans and vulnerable children whose households received free basic external support in caring for the child.
Pregnant women living with HIV who receive a complete course of antiretroviral prophylaxis to reduce the risk of MTCT.
Persons aged 15 and older who received counseling and testing for HIV and received their test results.
Percentage of young people aged 15 – 24 who both can correctly identify ways of preventing the sexual transmission of HIV and who reject major misconceptions about HIV transmission.

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 six months after the Closing Date.

**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 cause NACA and each Participating State to 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 unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Recipient shall cause NACA and each Participating State to 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. 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 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:

<b>Procurement Method</b>
(a) National Competitive Bidding
(b) Shopping
(c) Procurement from UN Agencies
(d) Force Account
(e) Direct Contracting
(f) Community Participation
(g) Procurement of Small Works

**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.

<b>Procurement Method</b>
(a) Least Cost Selection
(b) Selection Based On Consultants' Qualifications
(c) Single Source Selection
(d) Individual Consultants

**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:

<b>Category</b>	<b>Amount of the Additional Credit Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed</b>
(1) Civil works, goods, Consultants’ services, training, study tours and audits		100%
a) Federal	3,760,000	
b) Akwa-Ibom	490,000	
c) Benue	490,000	
d) Ebonyi	460,000	
e) Kaduna	490,000	
f) Lagos	490,000	
g) Taraba	490,000	
h) Adamawa	460,000	
i) Cross River	490,000	
j) Imo	490,000	
k) Kano	0	
l) Plateau	490,000	
m) Nasarawa	490,000	
n) Anambra	490,000	
o) Borno	460,000	
p) Edo	460,000	
q) Federal Capital Territory	490,000	

r) Oyo	490,000	
s) Niger	0	
t) Sokoto	440,000	
u) Zamfara	470,000	
v) Katsina	440,000	
w) Kebi	470,000	
x) Jigawa	440,000	
y) Yobe	440,000	
z) Gombe	470,000	
aa) Bauchi	440,000	
bb) Kogi	440,000	
cc) Kwara	470,000	
dd) Ogun	440,000	
ee) Ondo	440,000	
ff) Osun	440,000	
gg) Ekiti	440,000	
hh) Delta	440,000	
ii) Rivers	440,000	
jj) Bayelsa	440,000	
kk) Abia	470,000	
ll) Enugu	440,000	
(2) Grants for Subprojects		100% of amounts disbursed
a) Federal	5,980,000	
b) Akwa-Ibom	190,000	
c) Benue	190,000	
d) Ebonyi	120,000	
e) Kaduna	190,000	
f) Lagos	190,000	
g) Taraba	190,000	
h) Adamawa	120,000	
i) Cross River	190,000	
j) Imo	190,000	
k) Kano	0	
l) Plateau	190,000	
m) Nasarawa	190,000	
n) Anambra	190,000	
o) Borno	120,000	
p) Edo	120,000	
q) Federal Capital Territory	190,000	
r) Oyo	190,000	
s) Niger	0	
t) Sokoto	100,000	
u) Zamfara	140,000	

v) Katsina	100,000	
w) Kebi	140,000	
x) Jigawa	100,000	
y) Yobe	100,000	
z) Gombe	140,000	
aa) Bauchi	100,000	
bb) Kogi	100,000	
cc) Kwara	140,000	
dd) Ogun	100,000	
ee) Ondo	100,000	
ff) Osun	100,000	
gg) Ekiti	100,000	
hh) Delta	100,000	
ii) Rivers	100,000	
jj) Bayelsa	100,000	
kk) Abia	140,000	
ll) Enugu	100,000	
(3) Incremental Operating Costs		100%
a) Federal	1,240,000	
b) Akwa-Ibom	40,000	
c) Benue	40,000	
d) Ebonyi	30,000	
e) Kaduna	40,000	
f) Lagos	40,000	
g) Taraba	40,000	
h) Adamawa	30,000	
i) Cross River	40,000	
j) Imo	40,000	
k) Kano	0	
l) Plateau	40,000	
m) Nasarawa	40,000	
n) Anambra	40,000	
o) Borno	30,000	
p) Edo	30,000	
q) Federal Capital Territory	40,000	
r) Oyo	40,000	
s) Niger	0	
t) Sokoto	20,000	
u) Zamfara	30,000	
v) Katsina	20,000	
w) Kebi	30,000	
x) Jigawa	20,000	
y) Yobe	20,000	

z) Gombe	30,000	
aa) Bauchi	20,000	
bb) Kogi	20,000	
cc) Kwara	30,000	
dd) Ogun	20,000	
ee) Ondo	20,000	
ff) Osun	20,000	
gg) Ekiti	20,000	
hh) Delta	20,000	
ii) Rivers	20,000	
jj) Bayelsa	20,000	
kk) Abia	30,000	
ll) Enugu	20,000	
<b>TOTAL AMOUNT</b>	33,100,000	

**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 made with respect to any Participating State: (i) until the Subsidiary Agreement with the respective Participating State under the Original Financing Agreement has been amended under terms and conditions satisfactory to the Association to reflect the additional credit proceeds to be made to the Participating State out of the Credit; and (ii) the Recipient has furnished to the Association an opinion or opinions satisfactory to the Association of counsel acceptable to the Association showing, on behalf of the Recipient, that the amendment to the Subsidiary Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Recipient and the Participating State and is legally binding upon the Recipient and the Participating State in accordance with its terms.
  
2. The Closing Date is June 30, 2009.

**SCHEDULE 3****Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage)*</b>
On each June 15 and December 15:	
commencing June 15, 2017 to and including December 15, 2026	<b>1%</b>
commencing June 15, 2027 to and including December 15, 2046	<b>2%</b>

\* 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. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
3. “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.
4. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006), with the modifications set forth in Section II of this Appendix.
5. “Grant” means a grant made or proposed to be made to finance a Subproject under Part C of the Project.
6. “Incremental Operating Costs” means the incremental operating costs arising under the Project on account of maintenance of vehicles, fuel, equipment, office supplies, utilities, consumables, travel per diem and allowances, travel and accommodation, office rental and Project support staff excluding salaries of civil servants.
7. “NACA” means the Recipient’s National Agency Committee on AID.
8. “National Healthcare Waste Management Plan” means the plan prepared by the Recipient 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 National Healthcare Waste Management Plan.
9. “Original Financing Agreement” means the Development Credit Agreement for HIV/AIDS Program Development Project between the Recipient and the Association, dated August 23, 2001 as amended to the date of this Agreement Credit No. 3556 UNI).
10. “Original Project” means the Project described in the Original Financing Agreement.

11. "Participating State" means any of the Recipient's States which have entered into a Subsidiary Agreement with the Recipient in accordance with the provisions set forth in Schedule 5 to the Original Financing Agreement.
12. "Procurement Guidelines" means the "Guidelines: Procurement under IBRD Loans and IDA Credits" published by the Bank in May 2004 and revised in October, 2006.
13. "Procurement Plan" means the Recipient's procurement plan for the Project, dated April 23, 2007 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.
14. "SACA" means a State Action Committee on AIDS in the Governor's Office of a Participating State concerned, to catalyze, facilitate and coordinate the response against the HIV/AIDS epidemic at State level.
15. "Subproject" means a subproject to be carried under Part C of the Project and which satisfies the eligibility criteria set out in Schedule 4 to Original Financing Agreement.
16. "Subsidiary Agreement" means the agreement referred to in Section 3.01 (c) and Schedule 5 of the Original Financing Agreement between the Recipient and a Participating State pursuant to which the Recipient shall make part of the proceeds of the Financing available to the Participating State, as the same may be amended from time to time, with the prior approval of the Association, and such term includes all schedules to each of the Subsidiary Agreement.

## **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:

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