

CONFORMED COPY

CREDIT NUMBER 4304 - UNI

Financing Agreement

(Science and Technology Education Post Basic Project)

between

FEDERAL REPUBLIC OF NIGERIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated August 28, 2007

CREDIT NUMBER 4304 - UNI

FINANCING AGREEMENT

AGREEMENT dated August 28, 2007, entered into 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 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 twenty million Special Drawing Rights (SDR 120,000,000) (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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 15 and October 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 carryout the Project through the Federal Ministry of Education 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 hundred and eighty (180) 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 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	248423 (MCI) or	1-202-477-6391
Washington, D.C.	64145 (MCI)	

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 M. H. Ghanem

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to support the Recipient's federal post-basic education and research sub-sectors in producing more and better qualified science and technology graduates, and higher quality and more relevant research.

The Project consists of the following parts:

Part 1: Quality Enhancement and Innovation Fund

Provision of support to selected federal post basic education science and technology institutions for improving: (a) access to basic and applied research in science and technology to enhance quality and relevance of research to local and national science and technology needs; and (b) teaching and learning development to raise quality, relevance, efficiency, and equity, all through provision of Grants to Beneficiaries.

Part 2: Supporting Centers of Excellence

Strengthening the capacity of selected post basic education science and technology institutions to emerge as centers of excellence in science and technology, through provision of Grants to Beneficiaries.

Part 3: Strengthening Strategic Planning, Management, and Monitoring and Evaluation

Improving quality and relevance of, and access to post basic science and technology education as well as strengthening Project management through: (a) development and implementation of science and technology policy initiatives, and carrying out institutional strengthening activities through the provision of Grants to Beneficiaries; and (b) provision of support for effective Project management, and monitoring and evaluation including effective Project coordination, financial management, procurement, and reporting; and supporting effective Project monitoring and evaluation.

SCHEDULE 2**Project Execution****Section I. Implementation Arrangements****A. Institutional Arrangements.**

1. The Recipient shall establish and maintain, at all times during the Project implementation period, a National Project Steering Committee in accordance with terms and conditions which shall have been approved by the Association, and to be chaired by the Federal Minister of Education or his or her representative and including as members representatives from federal agencies, science and technology institutions, private sector, and other Project stakeholders.
2. The National Project Steering Committee shall be responsible for: (a) providing policy guidance for project implementation; (b) facilitating Project coordination; (c) reviewing progress reports; (d) reviewing and approving annual work programs and budgets; and (e) ensuring effective Project implementation.
3. The Recipient shall establish and maintain, at all times during the Project implementation period, a National Project Secretariat and appoint and recruit thereto staff with adequate qualifications and experience in accordance with terms and conditions which shall have been approved by the Association.
4. The National Project Secretariat shall be headed by a National Project Coordinator and shall be responsible for: (a) management, implementation and coordination of the Project; (b) prepare annual work program and budget; (c) approving Grant proposals; (d) coordinate technical support for Project implementation; (e) oversee Project monitoring and evaluation.
5. The Recipient shall establish and maintain, at all times during the Project implementation period, a Technical Review Committee and appoint thereto science and technology experts in accordance with terms and conditions which shall have been approved by the Association.
6. The Technical Review Committee shall be responsible for reviewing and recommending to the National Project Secretariat Grant proposals under the Project in accordance with the Grants Proposal Preparation Guide.

7. The Recipient shall establish and maintain, at all times during the Project implementation period, an International Advisory Board and appoint thereto science and technology experts in accordance with terms and conditions which shall have been approved by the Association.
8. The International Advisory Board shall review Grant proposals under Part 2 of the Project and make recommendations to the Technical Review Committee.
9. The Recipient shall prepare and furnish to the Association, 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.
10. The Recipient shall carry out the Project in accordance with the Project Implementation Manual and the Environmental and Social Management Framework, 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.

B. Grants

1. The Recipient shall furnish to the Association a Grants Proposal Preparation Guide in form and substance satisfactory to the Association, including details of eligibility criteria, procedure, rules, financial management, and procurement rules, and model Grant Agreement for provision of the Grants to Beneficiaries.
2. The Recipient shall provide Grants to Beneficiaries in accordance with the Grants Proposal Preparation Guide and under a Grant Agreement with the Beneficiary, which shall include the following:
 - (a) Adequate rights to protect the interests 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 or 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 right to require each Beneficiary to: (i) carry out financed activities with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to

the Association; (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; (c) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the financed activities and the achievement of its objectives.

- (c) The right to 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 financed 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 financed 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 exercise its rights under each Grant Agreement in such a manner as to protect its interests and the interests of 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 any Grant Agreement or any of its provisions.

C. Safeguards.

The Recipient shall prepare and furnish to the Association an Environment and Social Management Framework including the mitigation, enhancement, monitoring and evaluation measures to be taken during the design and implementation of Project activities to eliminate any adverse environmental and social impacts, offset them, or reduce them to acceptable levels, or to enhance positive impacts, including plan of actions needed to implement such measures.

D. Disclosure of Information.

The Recipient shall establish and maintain at all times during the Project implementation period an effective system and mechanisms for public disclosure and access to information by the public and stakeholders including the establishment and maintenance of an internet website to disclose Project information and documents such as the PIM, GPPG, Grants application and approval information, approved Grant proposals, and Project reports including financial reports and statements.

E. Letter of Sector Policies

The Recipient shall implement the Project in accordance with the principles of the Letter of Sector Policy and to this end the Recipient shall not, except as the Association shall otherwise agree, amend or waive any provision of the Letter of Sector Policy, 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 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:
 - (i) Increases in amounts of human resources trained, measured by increases in numbers of programs, enrollment, and graduates in science and technology, and labor market utilization of these skills.
 - (ii) Improvements in quality, measured through user surveys, independent review panels, growth in total number of

publications, and increased collaboration with regional and international research public and private partners.

- (iii) Improvements in teaching and learning of science and technology measured by assessments of knowledge, skills and increases in grade B-and-above graduates in examinations.
 - (iv) Improved relevance measured by increased labor market utilization of science and technology skills, and increased partnership with the private sector.
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.

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 unaudited 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 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:

Procurement Method
(a) National Competitive Bidding
(b) Limited International Bidding
(c) Direct Contracting
(d) Shopping

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) Quality Based Selection
(b) Selection Based on Consultants Qualification
(c) Selection of Individual Consultants
(d) Single Source Selection
(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 Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, Works, Consultants' Services including Audits, Training and Workshops	11,990,000	100%
(2) Grants	89,930,000	100%
(3) Operating Costs	4,000,000	100%
(4) Refund of Project Preparation Advance	1,340,000	Amount payable pursuant to Section 2.07 of the General Conditions
(5) Unallocated	12,740,000	
TOTAL AMOUNT	120,000,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement.
2. The Closing Date is September 30, 2011.

SCHEDULE 3**Repayment Schedule**

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each April 15 and October 15:	
commencing October 15, 2017 to and including April 15, 2027	1%
commencing October 15, 2027 to and including April 15, 2047	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. “Beneficiary” means a school in any federal post basic education science and technology institutions such as universities, polytechnics, colleges, parastatals, and research institutions which has met the eligibility criteria as set out in the Grant Manual and as a result, has received, or is entitled to receive a Grant.
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.
4. “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.
5. “Environment and Social Management Framework” means the mitigations, enhancement, monitoring and institutional measures prepared by the Recipient and dated March 3 2007 to be taken during design and implementation of Project activities including activities financed by Grants to eliminate any adverse environmental and social impacts, offset the, or reduce them to acceptable levels or to enhance positive impacts, including a plan of actions needed to implement such measures.
6. “Grant” means a grant to be made out of the proceeds of the Financing to a Beneficiary.
7. “Grant Agreement” means an agreement to be entered into between a Beneficiary and the Recipient for the provision of a Grant.
8. “Grants Proposal Preparation Guide” or “GPPG” means the manual prepared and furnished to the Association by the Recipient comprising rules, procedures, and guidelines necessary which shall be followed by the Recipient in the provisions of Grants to Beneficiaries.
9. “International Advisory Board” means the committee to be established by the Recipient in accordance with Section I.A.8 of Schedule 2 to the Agreement for

reviewing Grants proposals under Part 2 of the Project and making recommendations to the Technical Review Committee.

10. “Letter of Sector Policy” means the Recipient’s letter dated furnished to the Association describing the set of policies adopted by the Recipient necessary to achieve, among other things, the Project development objective.
11. “National Project Coordinator” means the head of the National Project Secretariat who shall be appointed or recruited by the Recipient in accordance with terms and conditions which shall have been approved by the Association.
12. “National Project Secretariat” means the unit referred to in Section I.A.3 of Schedule 2 to this Agreement established for management and implementation of the Project.
13. “National Project Steering Committee” means the committee referred to in Section I.A.1 of Schedule 2 to this Agreement established by the Recipient for the overall Project oversight.
14. “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.
15. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004.
16. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated March 22, 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.
17. “Project Implementation Manual” means the manual referred to in Section I.A.9 of Schedule 2 to this Agreement and comprising policies, procedures, and guidelines which shall be followed by the Recipient in the implementation of the Project.
18. “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 May 18, 2007 and on behalf of the Recipient on May 25, 2007.

19. "Technical Review Committee" means the committee referred to in Section I.A.5 of Schedule 2 to the Agreement to be established for reviewing Grants proposals in accordance with the Grants Proposal Preparation Guide.