

aThe World BankINTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION1818 H Street N.W.
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CONFORMED COPY

March 8, 2011

Mr. Olusegun O. Aganga
Honorable Minister
Federal Ministry of Finance
Ahmadu Bello Way
Central Business District
Garki – Abuja
Federal Republic of Nigeria

Re: Nigeria: JSDF Grant for Fadama Information and Knowledge Services Project
Grant No. TF099005

Dear Honorable Minister:

In response to the request for financial assistance made on behalf of the Federal Republic of Nigeria (“Recipient”), I am pleased to inform you that the International Development Association (“World Bank”), as administrator of grant funds provided by Japan under the Japan Social Development Fund, proposes to extend to the Recipient, a grant in an amount not to exceed two million seven hundred forty three thousand one hundred United States Dollars (U.S.\$ 2,743,100) (“Grant”) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached Annex, to assist in the financing of the project described in the Annex (“Project”). This Grant is funded out of the Japan Social Development Fund for which the World Bank receives periodic contributions. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the Recipient may withdraw the Grant proceeds subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

Please confirm the Recipient's agreement with the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date specified by the World Bank in accordance with Section 4.02 of the Annex to this Agreement provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement by March 29, 2011, unless the World Bank shall have established a later date for such purpose.

Very truly yours,
INTERNATIONAL DEVELOPMENT ASSOCIATION

By: /s/ Onno Ruhl
Onno Ruhl
Country Director for Nigeria
Africa Region

AGREED:
FEDERAL REPUBLIC OF NIGERIA

By: /s/ Olusegun O. Aganga
Authorized Representative
Name: Olusegun O. Aganga
Title: Minister of Finance
Date: May 11, 2011

Enclosures:

- (1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 31, 2010
- (2) Disbursement Letter of even date herewith, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006

Article I

Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank Out of Various Funds dated July 31, 2010 (“Standard Conditions”), constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement.

Article II

Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to establish sustainable Fadama information, knowledge and business advisory service centers to increase farm productivity and rural household incomes in the poorest sections of the Fadama community in Cross River, Lagos, Sokoto and Yobe States (“Participating States”) using a variety of information and communication technologies.

The Project complements activities carried out under the World Bank-financed Third Fadama National Development Project (“Fadama III Project”) (Credit No. 44940), and consists of the following parts:

- (a) Carrying out of activities aimed at developing virtual agriculture and veterinary advisory services by linking the Fadama farmers in the Participating States to local, national and international specialists in the university, national and international agricultural research institutes, private sector, non-governmental organizations, and farmer associations, to provide near/or real time advisory services to solve problems faced by the farmers focusing on their main agricultural crops and livestock products
- (b) Carrying out of activities aimed at providing transaction based information technology-enabled, locally relevant information and knowledge services to improve rural productivity and incomes of the poorest section of the Fadama farm community in the Participating States, through establishing and operationalizing Fadama information knowledge and service centers.
- (3) Carrying out of activities aimed at establishing a dynamic monitoring and evaluation system which would track input, output, outcome, and impact indicators to measure the performance of the Project, and carrying out of audits of the use of the proceeds of the Grant.

2.02. **Project Execution Generally.** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project at the national level through its National Fadama Coordination Office, and shall cause each Participating State to carry out the

activities under parts (a), (b), and (c) of the Project falling within its respective jurisdiction, in accordance with (i) the provision of Article II of the Standard Conditions; (ii) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBR Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 (“Anti-Corruption Guidelines”); and (iii) this Article II.

2.03. (a) Without limitation to the provisions of Section 2.02, the provisions of Section 1(B) of Schedule 2 to the Financing Agreement for the Third National Fadama Development Project dated November 24, 2008 shall apply, *mutatis mutandis*, to this Agreement.

(b) For the purpose of Project implementation, the Recipient shall on-grant a portion of the process of the Grant allocated to each of the Participating States to carry out its respective part of the project, under a Subsidiary Agreement (“Subsidiary Agreement”) to be entered into, respectively, between the Recipient and each Participating State, under terms and conditions which shall have been approved by the World Bank; and (b) the Recipient shall exercise its rights under each Subsidiary Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant. Except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any Subsidiary Agreement or any of its respective provisions, provided however that in the event of any inconsistency between the terms and conditions of the Financing Agreement or of any Subsidiary Agreement (including any amendments thereof) with those of this Agreement, the latter shall prevail.

2.04. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than 45 days after the end of each calendar semester, covering the semester, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such 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 World Bank not later than six months after the end of such period.

2.05. **Procurement**

(a) **General.** All goods, works and services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

(i) Section I of the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” published by the World Bank in January 2011 (“Procurement Guidelines”), in the case of goods and works; and

(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers”

published by the World Bank in January 2011 (“Consultant Guidelines”), in the case of consultants’ services; and

(iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).

(b) Definitions. The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or the Consultant Guidelines, as the case may be.

(c) Particular Methods of Procurement of Goods and Works

(i) Except as otherwise provided in sub-paragraph (ii) below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding as specified in the Procurement Plan.

(ii) The following methods, other than International National Competitive Bidding, may be used for procurement of goods and works for those contracts specified in the Procurement Plan which the World Bank agrees meet the requirements set forth in the Procurement Guidelines for their use: (A) National Competitive Bidding, (B) Shopping; (C) Direct Contracting.

(d) Particular Methods of Procurement of Consultants’ Services

(i) Except as otherwise provided in sub-paragraph (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods may be used for the procurement of consultants’ services for those assignments which are specified in the Procurement Plan which the World Bank agrees meet the requirements set forth in the Consultant Guidelines for their use: (A) Selection under a Fixed Budget; (B) Least Cost Selection; (C) Selection based on Consultants’ Qualifications; (D) Single-source Selection; (E) Selection of Individual Consultants; and (F) Sole Source Procedures for the Selection of Individual Consultants.

(e) Review by the World Bank of Procurement Decisions. The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.

Article III Withdrawal of Grant Proceeds

3.01. ***Eligible Expenditures.*** The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may 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 World Bank and as made applicable to this Agreement pursuant to such

instructions), to finance 100% of Eligible Expenditures consisting of works, goods, consultants' services including audits, Training and Operating Costs, inclusive of Taxes:

For the purposes of this Section: (i) the term "Training" means training conducted in the territory of the Recipient, including purchase and publication of materials, rental of facilities, course fees, and travel and subsistence of trainees; and (ii) the term "Operating Costs" means operating costs required for the Project including consumable materials and supplies, communications, mass media and printing services, vehicle rental, operation and maintenance, charges for the opening and operation of bank accounts required for the Project, and travel, lodging and per diems, but excluding salaries of officials of the Recipient's civil service.

3.02. ***Withdrawal Conditions.*** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payment made prior to the date of countersignature of this Agreement by the Recipient.

3.03. ***Withdrawal Period.*** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is four years after the date of countersignature of this Agreement by the Recipient.

Article IV Effectiveness; Termination

4.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the Subsidiary Agreements referred to in Section 2.03 (b) of this Annex have been executed on behalf of the recipient and each of the Participating State.

4.02. Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 4.01 ("Effective Date"). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has ((or have) ceased to exist.

4.03. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date 120 days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

Article V Recipient's Representative; Addresses

5.01. ***Recipient's Representative.*** The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its Minister at the time responsible for finance.

5.02. **Recipient's Address.** The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

Minister of Finance
Federal Ministry of Finance
Ahmadu Bello Way
Central Business District
Abuja
Federal Republic of Nigeria.

Cable: FEDMINFIN Telex: 234-9-2343609

5.03. **World Bank's Address.** The World Bank's Address referred to in Section 7.01 of the Standard Conditions 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