



CREDIT NUMBER 5510-NG

Project Agreement

(Ibadan Urban Flood Management Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

OYO STATE

Dated *November 7*, 2014

CREDIT NUMBER 5510-NG

PROJECT AGREEMENT

AGREEMENT dated *November 7* 2014, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and OYO STATE (“Project Implementing Entity”) (“Project Agreement”) in connection with the Financing Agreement (“Financing Agreement”) of same date between the Federal Republic of Nigeria (“Recipient”) and the Association.

The Association and the Project Implementing Entity hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to the Financing 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 Financing Agreement or the General Conditions.

ARTICLE II — PROJECT

- 2.01. The Project Implementing Entity declares its commitment to the objective of the Project. To this end, the Project Implementing Entity shall carry out the Project in accordance with the provisions of Article IV of the General Conditions, and shall provide promptly as needed, the funds (including Counterpart Funds), facilities, services and other resources required for the Project.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Association and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — TERMINATION

- 3.01. For purposes of Section 8.05 (c) of the General Conditions, the date on which the provisions of this Agreement shall terminate is twenty years after the date of this Agreement.

ARTICLE IV — REPRESENTATIVE; ADDRESSES

4.01. The Project Implementing Entity's Representative is its Commissioner for Finance.

4.02. The Association's Address is:

International Development Association
1818 H Street, NW
Washington, DC 20433
United States of America

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

4.03. The Project Implementing Entity's Address is:

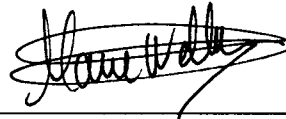
Ministry of Finance
Secretariat
Ibadan, Oyo State

Cable:	Telex:	Facsimile:
_____	_____	_____

AGREED at Abuja, Nigeria, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



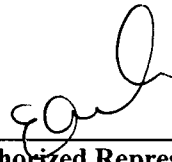
Authorized Representative

Name: Marie Francoise Marie-Melty

Title: Country Director

OYO STATE

By



Authorized Representative

Name: ADEBISI ZACCA

Title: HCF

SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

- l. In order to ensure the proper implementation of the Project, the Project Implementing Entity shall establish and maintain at all times during Project implementation the following entities:
 - a) Project Steering Committee. The Project Implementing Entity shall maintain at all times during the implementation of the Project a Project Steering Committee, chaired by the Governor or Commissioner of Finance, with functions, composition, staffing and resources satisfactory to the Association, to be responsible for, *inter alia*, policy oversight and strategic direction in the execution of the Project and approving the Annual Work Plans and Budgets.
 - b) Project Technical Committee. The Project Implementing Entity shall maintain at all times during the implementation of the Project a Project Technical Committee with functions, composition, staffing and resources satisfactory to the Association, to be responsible for, *inter alia*, technical oversight of the Project including identifying infrastructure investments under Part 2 of the Project and advising the Project Steering Committee on key decisions that need to be taken on key Project issues.
 - c) Independent Advisory Group. The Project Implementing Entity shall establish and maintain at all times during the implementation of the Project an Independent Advisory Group with composition, functions and resources satisfactory to the Association, to be responsible for, *inter alia*, providing expert opinion and reviewing the timeliness, quality and cost-effectiveness of Project activities as well as providing advice to Project Steering Committee and the Project Technical Committee.
 - d) Project Implementation Unit. The Project Implementing Entity shall maintain at all times during the implementation of the Project a Project Implementation Unit with functions, staffing (including a hydraulic engineer and a monitoring and evaluation specialist) and resources satisfactory to the Association, to be responsible for, *inter alia*, Project management, implementation and monitoring and evaluation.
 - e) Project Financial Management Unit. The Project Implementing Entity shall dedicate and retain, throughout the implementation of the Project, staff from the accounting and internal audit units of its PFMU, in adequate numbers and with

qualifications, experience and terms of reference satisfactory to the Association, to be responsible for the financial management of the Project in accordance with the provisions of this Agreement including, but not limited to the preparation of budgets, monthly reports, interim unaudited financial reports, and annual financial statements.

2. **Project Implementation Manual**

- a) To ensure the proper implementation of the Project, the Project Implementing Entity shall prepare a manual, in form and substance satisfactory to the Association, containing detailed arrangements and procedures for implementation of the Project. The said manual shall include, *inter alia*: (i) institutional coordination and day-to-day implementation of the Project; (ii) disbursement, procurement and financial management including financial and technical audit of the Project; (iii) environmental and social safeguards management including the operation of complaints and grievance redress mechanism; (iv) monitoring and evaluation, reporting and communication, including performance indicators and third party monitoring arrangements; (v) a capacity building program for designated Project implementation staff; (vi) the Emergency Response Operations Manual prepared and adopted pursuant to Section I.D.1(c) of the Schedule to the Project Agreement; and (vii) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project
- b) The Project Implementing Entity shall: (i) furnish to and exchange views with the Association on such manual promptly upon its preparation; and (ii) thereafter adopt such manual as shall have been approved by the Association (Project Implementation Manual).
- c) The Project Implementing Entity shall ensure that the Project is carried out in accordance with the Project Implementation Manual (provided, however, that in case of any conflict between the Project Implementation Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail), and shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, the Project Implementation Manual or any of its provisions without prior approval in writing by the Association.

3. **Annual Work Plans and Budgets**

- a) The Project Implementing Entity shall prepare and furnish to the Association not later than November 1st of each Fiscal Year during the implementation of the Project (beginning in calendar year 2015), a consolidated annual work plan and budget containing inter alia: (i) all activities proposed to be implemented under the Project during the following Fiscal Year; (ii) a proposed financing plan for expenditures required for such activities, setting forth the proposed amounts and

sources of financing therefor and disbursement schedule; and (iii) the training plan for such period.

- b) The Project Implementing Entity shall afford the Association a reasonable opportunity to exchange views with the Project Implementing Entity on each such proposed annual work plan and budget and shall thereafter ensure that the Project is implemented with due diligence during said following Fiscal Year in accordance with such work plan and budget as shall have been approved by the Association (“Annual Work Plan and Budget”).
- c) The Project Implementing Entity shall not make or allow to be made any change to the Annual Work Plan and Budget without prior approval in writing by the Association.
- d) Without limitation on the provisions of Section 1.A.3 (a-c) of this Schedule, the Project Implementing Entity shall prepare and furnish to the Association the first proposed Annual Work Plan and Budget required under the Project not later than one month after the Effective Date.

B. Anti-Corruption

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

C. Safeguards

- 1. The Project Implementing Entity shall ensure that the Project is carried out in accordance with the provisions of the ESMF, the RPF and any other Safeguard Document prepared or to be prepared by the Project Implementing Entity in accordance with sub-paragraph 2 below.
- 2. Whenever a Safeguard Document shall be required for any proposed Project activity in accordance with the provisions of the ESMF and/or the RPF, the Project Implementing Entity shall:
 - (a) prior to the commencement of such activity, proceed to have such Safeguard Document: (i) prepared in accordance with the provisions of the ESMF and the RPF, as the case may be; (ii) furnished to the Association for review and approval; and (iii) thereafter adopted and disclosed as approved by the Association, in a manner acceptable to the Association; and
 - (b) thereafter take such measures as shall be necessary or appropriate to ensure compliance with the requirements of such Safeguard Document; and

- (c) in the case of any resettlement activity under the Project involving Affected Persons, ensure that no displacement (including restriction of access to legally designated parks and protected areas) shall occur before necessary resettlement measures consistent with the relevant RAP have been executed, including, in the case of displacement, full payment to Affected Persons of compensation and of other assistance required for relocation, prior to displacement.
3. The Project Implementing Entity shall not amend, abrogate or waive, or permit to be amended, abrogated or waived the ESMF, the RPF or any Safeguard Document, unless the Association has provided its prior approval thereof in writing, and the Project Implementing Entity has complied with the same consultation and disclosure requirements as applicable to the original adoption of the said documents.
 4. Without limitation on its other reporting obligations under this Agreement, the Project Implementing Entity shall collect, compile and submit to the Association each calendar year (or at such other frequency as may be agreed with the Association) consolidated reports on the status of compliance with the ESMF, RPF and the Safeguard Documents, as applicable, giving details of: (a) measures taken in furtherance of the said documents; (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the said measures; and (c) remedial measures taken or required to be taken to address such conditions.

D. Contingent Emergency Response

In order to ensure the proper implementation of Part 1.4 of the Project ("Emergency Response"), the Project Implementing Entity shall take the following measures.

1. The Project Implementing Entity shall:
 - (a) prepare and furnish to the Association for its review and approval, an operations manual which shall set forth detailed implementation arrangements for the Emergency Response, including: (i) designation of, terms of reference for and resources to be allocated to the entity to be responsible for coordinating and implementing the Emergency Response ("Coordinating Agency"); (ii) specific activities which may be included in the Emergency Response, Eligible Expenditures required therefor ("Emergency Expenditures"), and any procedures for such inclusion; (iii) financial management arrangements for the Emergency Response; (iv) procurement methods and procedures for Emergency Expenditures to be financed under the Emergency Response; (v) documentation required for withdrawals of Emergency Expenditures; (vi) environmental and social safeguard management frameworks for the Emergency Response, consistent with the Association's policies on the matter; and (vi) any

- other arrangements necessary to ensure proper coordination and implementation of the Emergency Response;
- (b) afford the Association a reasonable opportunity to review said proposed operations manual;
 - (c) promptly adopt such operations manual for the Emergency Response as shall have been approved by the Association (“Emergency Response Operations Manual”);
 - (d) ensure that Part 1.4 of the Project is carried out in accordance with the Emergency Response Operations Manual; provided, however, that in the event of any inconsistency between the provisions of the Emergency Response Operations Manual and this Agreement, the provisions of this Agreement shall prevail; and
 - (e) not amend, suspend, abrogate, repeal or waive any provision of the Emergency Response Operations Manual without prior approval by the Association.
2. The Project Implementing Entity shall, throughout the implementation of the Emergency Response, maintain the Coordinating Agency, with adequate staff and resources satisfactory to the Association.
3. The Project Implementing Entity shall undertake no activities under the Emergency Response (and no activities shall be included in the Emergency Response) unless and until the following conditions have been met in respect of said activities:
- (a) the Recipient has determined that an Eligible Emergency has occurred, has furnished to the Association a request to include said activities in the Emergency Response in order to respond to said Eligible Emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof;
 - (b) the Project Implementing Entity has prepared and disclosed all safeguards instruments required for said activities, in accordance with the Emergency Response Operations Manual, the Association has approved all such instruments, and the Project Implementing Entity has implemented any actions which are required to be taken under said instruments.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Project Implementing Entity 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 indicators acceptable to the Association and set out in the Project Implementation Manual. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Recipient not later forty five (45) days after the end of the period covered by such report for incorporation and forwarding by the Recipient to the Association of the overall Project Report.
2. The Project Implementing Entity shall provide to the Recipient not later than six months, for incorporation in the report referred to in Section 4.08 (c) of the General Conditions all such information as the Recipient or the Association shall reasonably request for the purposes of such Section.

B. Financial Management, Financial Reports and Audits

1. The Project Implementing Entity shall 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 and financial condition of the Project Implementing Entity, including the operations, resources and expenditures related to the Project.
2. The Project Implementing Entity shall have its financial statements referred to above audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association. Each audit of these financial statements shall cover the period of one fiscal year of the Project Implementing Entity. The Project Implementing Entity shall ensure that the audited financial statements for each period shall be: (a) furnished to the Recipient and the Association not later than six months after the end of the period; and (b) made publicly available in a timely fashion and in a manner acceptable to the Association.

Section III. Procurement

All goods, works and services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the provisions of Section III of Schedule 2 to the Financing Agreement.

Section IV. Other Undertakings

1. The Project Implementing Entity shall establish, maintain and operate - until the completion of the Project, in a commercial bank and on terms and conditions acceptable to the Association - an account (Project Account) into which it shall deposit the proceeds of the Counterpart Funds and out of which it shall incur expenditures for the Project as indicated in the respective Annual Work Plan and Budget.
2. The Project Implementing Entity, through the Office of Oyo State Governor, shall enter into a memorandum of understanding with NIMET in form and substance satisfactory to the Association.