

CONFORMED COPY

CREDIT NUMBER 2238 UNI

(National Population Project)

between

FEDERAL REPUBLIC OF NIGERIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated June 17, 1991

CREDIT NUMBER 2238 UNI

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated June 17, 1991, between the FEDERAL REPUBLIC OF NIGERIA (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, has requested the Association to assist in the financing of the Project; and

WHEREAS the Association has agreed, on the basis, inter alia, of the foregoing, to extend the Credit to the Borrower upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Develop-

ment Credit Agreements" of the Association, dated January 1, 1985, with the last sentence of Section 3.02 deleted (the General Conditions) constitute an integral part of this Agreement.

Section 1.02. Unless the context otherwise requires, wherever used in this Agreement, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "Special Accounts" means the accounts referred to in Section 2.02 (b) of this Agreement;

(b) "FMOH" means the Federal Ministry of Health;

(c) "CA" means a Collaborating Agency, which will be undertaking Subprojects under Part A of the Project;

(d) "DPA" means the Department of Population Activities within FMOH;

(e) "Phase I Subproject" means one of the seven Subprojects described in Part A.3 of the Project which have already been appraised by the Association;

(f) "Phase II Subprojects" means those Subprojects in Part A.4 of the Project to be identified and appraised under the Project;

(g) "FHD" means the Family Health Division within FMOH;

(h) "FP" means Family Planning;

(i) "HEB" means the Health Education Branch within FMOH;

(j) "IEC" means Information, Education and Communication;

(k) "LGA" means a Local Government Administration or Area;

(l) "MCH" means Maternal and Child Health;

(m) "NCGPD" means the National Consultative Group on Population for Development established by the Borrower;

(n) "NERDC" means the Nigerian Educational Research and Development Council;

(o) "NGO" means a Non-Governmental Organization;

(p) "NISER" means the Nigerian Institute of Social and Economic Research;

(q) "NPC" means the National Population Commission;

(r) "NPP" means the Borrower's National Population Programme;

(s) "PAF" means the Population Activities Fund to be established under Part A.1 of the Project;

(t) "PAFA" means the Borrower's PAF Agency to be established under Part A.1 of the Project;

(u) "PICB" means the Population Information and Communications Branch within the Federal Ministry of Information;

(v) "PRF" means the Population Research Fund;

(w) "PHC" means Primary Health Care;

(x) "Subproject" means a specific population project to be carried out by a CA utilizing proceeds of the Credit;

(y) "Subproject Agreement" means an agreement between PAFA and a CA for the carrying out of a Subproject;

(z) "Project Account" means the account referred to in Section 3.03 of this Agreement; and

(aa) "N" or "Naira" means the Borrower's currency.

ARTICLE II

The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement, an amount in various currencies equivalent to fifty-four million two hundred thousand Special Drawing Rights (SDR 54,200,000).

Section 2.02. (a) The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Credit.

(b) The Borrower shall, for the purposes of the Project, open and maintain in dollars, two special deposit accounts (the PAF Special Account and the PRF Special Account) in commercial or merchant banks on terms and conditions satisfactory to the Association including appropriate protection against set-off, seizure or attachment. Deposits into, and payments out of, the Special Accounts shall be made in accordance with the provisions of Schedule 5 to this Agreement.

Section 2.03. The Closing Date shall be December 31, 1998 or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

Section 2.04. (a) The Borrower shall pay to the Association a commitment charge on the principal amount of the Credit not withdrawn from time to time at a rate to be set by the Association as of June 30 of each year, but not to exceed the rate of one-half of one percent (1/2 of 1%) per annum.

(b) The commitment charge shall accrue: (i) from the date sixty days after the date of this Agreement (the accrual date) to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or cancelled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date or at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied from the next payment date in that year specified in Section 2.06 of this Agreement.

(c) The commitment charge shall be paid: (i) at such places as the Association shall reasonably request; (ii) without restrictions of any kind imposed by, or in the territory of, the Borrower; and (iii) in the currency specified in this Agreement for the purposes of Section 4.02 of the General Conditions or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of that Section.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one percent (3/4 of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.06. Commitment charges and service charges shall be payable semiannually on March 15 and September 15 in each year.

Section 2.07. (a) Subject to paragraphs (b) and (c) below, the Borrower shall repay the principal amount of the Credit in semi-annual installments payable on each March 15 and September 15 commencing September 15, 2001 and ending March 15, 2026. Each installment to and including the installment payable on March 15, 2011 shall be one and one-fourth per cent (1-1/4%) of such principal amount, and each installment thereafter shall be two and one-half percent (2-1/2%) of such principal amount.

(b) Whenever (i) the Borrower's gross national product per capita, as determined by the Association, shall have exceeded \$790 in constant 1985 dollars for five consecutive years, and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the terms of repayment of installments under paragraph (a) above by requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid. If so requested by the Borrower, the Association may revise such modification to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate agreed with the Association on the principal amount of the Credit withdrawn and outstanding from time to time, provided that, in the judgment of the Association, such revision shall not change the grant element obtained under the above-mentioned repayment modification.

(c) If, at any time after a modification of terms pursuant to paragraph (b) above, the Association determines that the Borrower's economic condition has deteriorated significantly, the Association may, if so requested by the Borrower, further modify the terms of repayment to conform to the schedule of installments as provided in paragraph (a) above.

Section 2.08. The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, shall carry out Part A of the Project through FMOH and Part B of the Project through NISER, all with due diligence and efficiency and in conformity with appropriate administrative, financial, management and population practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Borrower and the Association shall otherwise agree, the Borrower shall carry out the Project in accordance with the Implementation Program set forth in Schedule 4 to this Agreement.

(c) The Borrower shall establish, and thereafter maintain, in a form and with functions satisfactory to the Association the Population Activities Fund (PAF) and the Population Activities Fund Agency (PAFA) referred to in Part A.1 of the Project.

Section 3.02. Except as the Association shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.03. The Borrower shall open and maintain until completion of the Project, a Project Account for Part A of the Project, into which it shall make quarterly deposits of its counterpart contribution, in accordance with the estimated require-

ments for Part A of the Project. The Borrower and the Association presently estimate the said contributions to amount in the aggregate to \$15,300,000 equivalent over the Project period.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall maintain or cause to be maintained records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of the Project of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

(b) The Borrower shall:

- (i) have the records and accounts referred to in paragraph (a) of this Section including those for the Special Accounts for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;
- (ii) furnish to the Association, as soon as available, but in any case not later than six months after the end of each such year, a certified copy of the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and
- (iii) furnish to the Association such other information concerning said records, accounts and the audit thereof as the Association shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Credit Account were made on the basis of statements of expenditure, the Borrower shall:

- (i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;
- (ii) retain, until at least one year after the Association has received the audit report for the fiscal year in which the last withdrawal from the Credit Account or payment out of a Special Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Association's representatives to examine such records; and
- (iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

ARTICLE V

Effective Date; Termination

Section 5.01. The following events are specified as additional conditions to the effectiveness of the Development Credit Agreement within the meaning of Section 12.01 (b) of the General Conditions:

(a) the Borrower has established PAFA in accordance with Section 3.01 (c) of this Agreement;

(b) the Borrower has established a subcommittee of NCGPD to approve subventions from PAF and supervise PAF operations;

(c) the Borrower has appointed a full-time manager for PAF on terms and conditions, and with qualifications, satisfactory to the Association; and

(d) the Borrower has opened the Project Account and has made an initial deposit of N 5 million into the Project Account.

Section 5.02. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VI

Representatives of the Borrower; Addresses

Section 6.01. The Minister of Finance and Economic Development of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

The Honourable Minister
Federal Ministry of Finance
and Economic Development
P.M.B. 12591
Federal Secretariat, Ikoyi
Lagos, Nigeria

Cable address:

FEDMINFIN
Lagos

Telex:

21248 (ITT)

For the Association:

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

Cable address:

INDEVAS
Washington, D.C.

Telex:

248423 (RCA)
82987 (FTCC)
64145 (WUI) or
197688 (TRT)

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

FEDERAL REPUBLIC OF NIGERIA

By /s/ Zubair Mamoud Kazaure
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Edward V. K. Jaycox
Regional Vice President
Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Credit, the allocation of the amounts of the Credit to each Category and the percentage of expenditures for items so to be financed in each Category:

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Goods, works and services under Phase I Subprojects	16,910,000	100% up to 85% of the total cost of a Subproject
(2) Goods, works and services under Phase II Subprojects		
(a) Federal Government and Federal Parastatals	8,420,000	100% up to 85% of the total cost of a Subproject
(b) State Governments	6,350,000	100% up to 85% of the total cost of a Subproject
(c) LGAs	4,900,000	100% up to 90% of the total cost of a Subproject
(d) NGOs	690,000	100% up to 95% of the
total cost		of a Subproject
Category	Credit Allocated (Expressed in SDR Equivalent)	Amount of the % of Expenditures to be Financed
(3) PAFA:		
(a) Equipment, vehicles, furniture, supplies and materials	350,000	100% of foreign expenditures and 85% of local expenditures
(b) Consultants services, training and study tours	350,000	100%

(c) Travel, incremental salaries and other incremental operating costs	1,180,000	100%
(4) DPA:		
(a) Equipment, vehicles, furniture, supplies and materials	1,590,000	100% of foreign expenditures and 85% of local expenditures
(b) Consultants services, training, study tours and preparation grants to CAs	620,000	100%
	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(5) PRF:		
(a) Research sub-contracts, workshops and administration costs	2,690,000	100%
(b) Computers, other equipment and vehicles	70,000	100% of foreign expenditures and 85% of local expenditures
(6) Unallocated	10,080,000	
TOTAL	54,200,000	=====

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower; and

(b) the term "local expenditures" means expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of:

(a) payments made for expenditures prior to the date of this Agreement;

(b) payments made for expenditures under Category (1) in the table in paragraph 1 above until: (i) the Borrower has (A) adopted operational procedures for PFA acceptable to the Association, and (B) recruited and assigned to PFA four additional key staff or long-term consultants to assist PFA in carrying out its functions under the Project; and (ii) with regard to each Subproject, the relevant Subproject Agreement has been executed between PFA and the CA concerned;

(c) payments made for expenditures under Category (2) in the

table in paragraph 1 above until: (i) the Borrower has (A) recruited and assigned to DPA five additional key management staff to assist DPA in carrying out its functions under the Project, and (B) prepared a plan, acceptable to the Association, for development of state-level population planning and coordination focal points; (ii) with regard to each Subproject, the relevant Subproject Agreement has been executed between PAFA and the CA concerned; (iii) in the case of any of the first three Phase II Subprojects, the Association has agreed to each such Subproject; and (iv) in the case of any Subproject estimated to cost \$500,000 equivalent or more, the Association has agreed to each such Subproject; and

(d) payments made for expenditures under Category (5) in the table in paragraph 1 above until the Borrower has developed detailed operational procedures (including prototype grant agreements) acceptable to the Association and has prepared the first year's work program.

SCHEDULE 2

Description of the Project

The objectives of the Project are to strengthen the institutional framework and to expand the basis for undertaking the large-scale, intersectoral, National Population Programme (NPP) of the Borrower.

The Project consists of the following Parts, subject to such modifications thereof as the Borrower and the Association may agree upon from time to time to achieve such objectives:

Part A

1. Establishment of the Population Activities Fund (PAF) to provide grant financing to Collaborating Agencies (CAs); establishment of a Population Activities Fund Agency (PAFA) in FMOH to manage the financial operations of PAF; and strengthening the capability of the Department of Population Activities (DPA) to manage the technical operations of PAF.
2. Carrying out of Subprojects in priority population areas.
3. Phase 1 Subprojects
 - (a) Integration of Family Planning (FP) into Maternal and Child Health (MCH) through the expansion and strengthening of the management and technical capabilities of the Family Health Division of FMOH (FHD), FMOH's four zonal offices and the offices of State FP coordinators and the extension of coverage of FP services in 20 selected Local Government Areas (LGAs).
 - (b) Promotion of FP through health education; in-service training and acquisition of equipment; strengthening of FMOH's Health Education Branch (HEB), the Africa Regional Health Education Centre at the University of Ibadan; development of a training program at a university other than the University of Ibadan, and development of prototype IEC materials.
 - (c) Establishment of tertiary centers for reproductive health in four zonal Federal teaching hospitals and provision at the said tertiary centers of specialized technical training, supervision and research services (e.g. in areas such as delivery of FP services, contraception, infertility and sexually transmitted diseases) for NPP; and promotion and supervision of stronger FP services at State general hospitals.
 - (d) Establishment within the Federal Ministry of Information of a Population Information and Communications Branch

(PICB); strengthening of the Borrower's Ministry of Information and of other communications training, research and production institutions; development, testing and dissemination of printed and electronic media materials (including radio and television dramas) on priority population messages; provision of rented office space, furniture, equipment, vehicles; workshops and training for project staff; surveys and evaluation studies.

- (e) Development of population/family life education through Primary Schools on a pilot basis, including the strengthening of the Population Education Department of the Nigerian Educational Research and Development Council (NERDC), and the introduction of population education in about 2,000 selected schools in about 100 LGAs.
- (f) Monitoring of the demographic impact of NPP through a sentinel survey system.
- (g) Integration of Population into the National Development Planning Process under the leadership of the Federal Ministry of Budget and Planning assisted by core and sectoral Federal and State Ministries and in collaboration with the universities; the provision of equipment, vehicles, stationery and materials; and training including workshops, study tours and fellowships.

4. Phase 2 Subprojects

Carrying out of other population related Subprojects as reflected in the Borrower's annually updated three-year rolling plan for population.

Part B

Development of a systematic effort to: (a) explore the socio-cultural and economic supports for large families and the determinants of fertility and contraceptive use in Nigeria, (b) help design appropriate population interventions, and (c) promote appropriate adjustments in population policies and programs through the Population Research Fund to be established and managed by NISER.

* * *

The Project is expected to be completed by June 30, 1998.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: International Competitive Bidding

1. Except as provided in Part B hereof, goods shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1985 (the Guidelines).

2. To the extent practicable, contracts for goods shall be grouped into bid packages estimated to cost the equivalent of \$200,000 or more.

3. Standard form bidding documents and contracts satisfactory to the Association shall be prepared for use in the procurement of goods under Part A.1 of this Section.

Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures

described in Part A hereof, goods manufactured in Nigeria may be granted a margin of preference in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraphs 1 through 4 of Appendix 2 thereto.

Part C: Other Procurement Procedures

1. (a) Civil works estimated to cost \$200,000 equivalent or less per contract, and goods estimated to cost \$100,000 equivalent or less per contract, may be procured under contracts awarded on the basis of competitive bidding, advertised locally with statements of the evaluation and award criteria, in accordance with procedures satisfactory to the Association, provided that: (i) PAFA and DPA together may only procure under this paragraph goods estimated to cost in the aggregate \$1,000,000 equivalent or less; and (ii) with respect to the procurement by CAs of goods for the carrying out of Phase I Subprojects, CAs as a group may only procure under this paragraph goods estimated to cost in the aggregate \$4,000,000 equivalent or less.

(b) Standard form bidding documents and contracts satisfactory to the Association shall be prepared for use in the procurement of goods and civil works under Part C.1 (a) of this Section.

2. Civil works or goods estimated to cost \$50,000 equivalent or less per contract, may be procured under contracts awarded on the basis of comparison of price quotations obtained from at least three suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Association, provided that: (i) PAFA and DPA together may only procure under this paragraph goods or works estimated to cost in the aggregate \$500,000 equivalent or less; (ii) NISER may only procure under this paragraph goods or works estimated to cost in the aggregate \$150,000 equivalent or less; and (iii) with respect to the procurement by CAs of goods for the implementation of Phase I Subprojects, CAs as a group may only procure under this paragraph goods estimated to cost in the aggregate \$2,000,000 equivalent or less.

3. Contracts for journals, spare parts, contraceptives still under patent and for which no appropriate substitutes are available, and other items of a proprietary nature may be awarded after direct negotiations with suppliers, in accordance with procedures acceptable to the Association.

4. All payments of costs for training, fellowships, studies, incremental salaries, allowances for travel and other operating costs will be through the procedures of each implementing agency, provided that such procedures shall have been found acceptable by the Association.

Part D: Review by the Association of Procurement Decisions

1. Review of invitations to bid and of proposed awards and final contracts:

(a) With respect to: (i) each contract (A) for goods estimated to cost \$100,000 equivalent or more or (B) for works estimated to cost \$200,000 equivalent or more; and (ii) each first contract to be awarded by PAFA, DPA, NISER or a CA (regardless of the size of the contract) the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of a Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Association pursuant to said paragraph 2 (d) shall be furnished to the Association prior to the making of the first payment out of the Special Account in respect of such contract.

(b) With respect to each contract not governed by the preceding paragraph, the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of a Special Account, such procedures

shall be modified to ensure that the two conformed copies of the contract together with the other information required to be furnished to the Association pursuant to paragraph 3 of said Appendix shall be furnished to the Association as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 5 to this Agreement.

(c) The provisions of the preceding subparagraph (b) shall not apply to contracts on account of which the Association has authorized withdrawals on the basis of statements of expenditure.

2. The figure of 15% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

Section II. Employment of Consultants

In order to assist the Borrower in carrying out the Project, the Borrower shall employ consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Association. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Association on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981.

SCHEDULE 4

Implementation Program

Part A of the Project

1. The Borrower shall organize annual consultative meetings among DPA, PAFA, NISER and CAs at which, inter alia, reports on the previous year's performance shall be discussed with the Association and other interested funding agencies. The Borrower shall no later than June 30, 1994 carry out a mid-term review of the Project with the Association.

2. The Borrower shall make the proceeds of the Credit available to CAs on a grant basis. An initial installment shall be provided to a CA for mobilization purposes equal (a) to 10% of the anticipated Subproject financing for any Subproject estimated to cost the equivalent of less than \$1,000,000, or (b) to 5% of the anticipated Subproject financing for any Subproject estimated to cost the equivalent of \$1 million or more, provided that such installment of 10% or 5% shall be recovered in connection with disbursements under this Agreement in a manner to be specified by the Association.

3. PAFA and DPA shall by September 30 of each year furnish to the Association, for its review and comments, their work programs for management of PAF for the following fiscal year, including projected disbursements from PAF and other financial requirements.

4. The following criteria shall be met with regard to Phase II Subprojects:

(a) population activities to be funded under the Project shall be selected from an annually agreed list from the Borrower's current three-year rolling plan for NPP and shall meet general Subproject guidelines to be agreed upon from time to time by the Borrower and the Association;

(b) initial commitment to a given Subproject shall be limited to a maximum of three years, with renewals possible based on agreed performance indicators;

(c) some IEC activities must be included in any Subproject focused on FP service delivery;

(d) each proposal submitted by a State shall clearly relate to activities at the LGA level;

(e) at least 3% of funds in PAF shall be reserved for NGOs;
and

(f) each Subproject shall be funded from the proceeds of the Credit and from amounts provided by the Borrower and the CA itself under proportions, approved by the Association, fixed for each type of Subproject; such categorization shall be made on the basis of whether the entity carrying out the Subproject is a Federal Government entity, a parastatal, a State Government entity, an LGA or an NGO.

5. PAFA and DPA shall be jointly responsible for identifying, preparing and appraising all Phase II Subprojects, in accordance with criteria satisfactory to the Association, including inter alia:

(a) use of Guidelines, especially for States and LGAs, agreed between the Borrower and the Association;

(b) all Subprojects estimated to cost \$100,000 equivalent or less, up to an aggregate amount of \$2 million equivalent may be jointly approved by PAFA and DPA;

(c) all Subprojects estimated to cost \$100,000 equivalent up to a maximum of \$500,000 equivalent shall be approved by NCGPD, up to an aggregate amount of \$10 million equivalent; and

(d) all Subprojects estimated to cost \$500,000 equivalent or more and the first three of the Phase II Subprojects (regardless of their estimated cost), shall be reviewed for comments by the Association prior to their submission to the PAF Management Committee of NCGPD for approval.

6. PAFA shall enter into Subproject Agreements with each CA. These agreements (a) shall set forth, inter alia, the agreed Subproject objectives, the procurement plan and procedures, the indicators for monitoring Subproject execution, the obligations of CA, including provision of counterpart funds, and (b) shall require (i) establishment of basic accounting practices (including the keeping of records and accounts), the furnishing of annual narrative and financial reports, the undertaking of annual audits, and, (ii) that procurement under the Subproject Agreement be made in accordance with Schedule 3 to this Agreement.

7. No later than June 30, 1995 PAFA and DPA shall carefully review every new proposed Subproject and every proposed extension of existing Subprojects to ensure that only those Subprojects or extensions of Subprojects likely to be completed before the expected completion date of the Project shall be accepted for financing under the Credit.

8. The additional key staff of PAFA and DPA referred to in paragraph 3 (b) and (c) in Schedule 1 shall: (i) have qualifications and experience, and be appointed on terms and conditions satisfactory to the Association; and (ii) consist (A) with respect to PAFA of a Chief Finance Officer, Chief Programme Officer, Chief Administrative Officer and an Internal Auditor; and (B) with respect to DPA of a Deputy Director and Assistant Director for Monitoring, Evaluation, and Research and three additional Section Chiefs in the Services, IEC, and Population and Development Branches.

Part B of the Project

9. (a) NISER shall, by September 30 of each year furnish to the Association, for its review and comments, its work program for management of PRF for the following fiscal year.

(b) PRF shall identify practical ways for NPP to overcome major socio-cultural and economic constraints. PRF shall bring together a core group of specialists in different disciplines, commission research by universities and other research bodies, conduct workshops to bring together researchers and program managers, and administer the program. PRF shall also work with

relevant implementing agencies to develop Subprojects to be financed out of PAF.

10. The Borrower shall establish in NISER, a special unit consisting initially of three professional staff for the day-to-day management of PRF. General oversight of PRF shall be vested in a subcommittee set up under NCGPD. Specific research proposals shall be reviewed in quarterly meetings of the PRF Technical Committee, which shall be chaired by the head of NISER's Population Research Unit, and shall consist of, at least, representatives of: (a) DPA, PAFA, NPC, FMOH's Department of Planning, Research and Statistics; (b) a State; and (c) the Planned Parenthood Federation of Nigeria as a representative of NGOs. Prior approval of the Association shall be required (i) for research grants or contracts of \$25,000 equivalent or more, and (ii) for each research grant or contract after research grants and contracts amounting in the aggregate to \$1,500,000 equivalent or more, or any other amount specified by the Association, shall have been awarded or concluded. Agreements between NISER and grantees shall require that all supplies and materials purchased by grantees shall be procured using local competitive shopping with a minimum of three price quotations and selection of the lowest quotation.

SCHEDULE 5

Special Accounts

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) through (4) for the PAF Special Account and Category (5) for the PRF Special Account set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Credit allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount equivalent to \$2,500,000 for the PAF Special Account and \$500,000 for the PRF Special Account to be withdrawn from the Credit Account and deposited in the Special Accounts pursuant to paragraph 3 (a) of this Schedule.

2. Payments out of the Special Accounts shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Association has received evidence satisfactory to it that the Special Accounts have been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish a Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Association a request or requests for a deposit or deposits which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit in the respective Special Account such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of the respective Special Account, the Borrower shall furnish to the Association requests for deposits into that Special Account at such intervals as the Association shall specify.

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Association the documents and other evidence required pursuant to

paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the respective Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures.

All such deposits shall be withdrawn by the Association from the Credit Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the Special Accounts, the Borrower shall, at such time as the Association shall reasonably request, furnish to the Association such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Association shall not be required to make further deposits into the Special Accounts:

(a) if, at any time, the Association shall have determined that all further withdrawals should be made by the Borrower directly from the Credit Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement; or

(b) once the total unwithdrawn amount of the Credit allocated to the eligible Categories, less the amount of any outstanding special commitment entered into by the Association pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to the eligible Categories shall follow such procedures as the Association shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Association shall have been satisfied that all such amounts remaining on deposit in the respective Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Association shall have determined at any time that any payment out of the Special Accounts: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; (ii) was not justified by the evidence furnished to the Association, the Borrower shall, promptly upon notice from the Association: (A) provide such additional evidence as the Association may request; or (B) deposit into the Special Accounts (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Association shall otherwise agree, no further deposit by the Association into the Special Accounts shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Association shall have determined at any time that any amount outstanding in the Special Accounts will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the Association, refund to the Association such outstanding amount.

(c) The Borrower may, upon notice to the Association, refund to the Association all or any portion of the funds on deposit in the Special Accounts.

(d) Refunds to the Association made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Credit Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

