

CONFORMED COPY

LOAN NUMBER 3183 UNI

Loan Agreement

(National Seed and Quarantine Project)

between

FEDERAL REPUBLIC OF NIGERIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated June 21, 1990

LOAN NUMBER 3183 UNI

LOAN AGREEMENT

AGREEMENT, dated June 21, 1990, between FEDERAL REPUBLIC OF NIGERIA (the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ASSOCIATION (the Bank).

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

WHEREAS (B) the Bank has agreed, on the basis, inter alia, of the foregoing, to extend the Loan 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 Loan and Guarantee Agreements" of the Bank, 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, the several terms defined in the General Conditions have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "NSS" means the National Seed Service of the Borrower;

(b) "PQS" means the Plant Quarantine Service of the Borrower;

(c) "PMMC" means the Project Management and Monitoring Committee mentioned in Section 3.01 (c) of this Agreement;

(d) "FDARD" means the Federal Department of Agriculture and Rural Development;

(e) "FMST" means the Federal Ministry of Science and Technology;

(f) "ADPs" means the managements of Agricultural Development Projects in Nigeria, being Projects for which the Bank has provided or is providing financing;

(g) "Research Institutes" means the Research Institutes mentioned in paragraph 5 of Schedule 6 to this Agreement; and

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

ARTICLE II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Loan Agreement, various currencies that shall have an aggregate value equivalent to the amount of fourteen million dollars (\$14,000,000) as the sum of withdrawals of the proceeds of the Loan with each withdrawal valued by the Bank as of the date of such withdrawal.

Section 2.02. (a) The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Bank 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 Loan.

(b) The Borrower shall, for the purposes of the Project, open and maintain in a commercial bank two Special Accounts, one for NSS (the NSS Special Account) and the other for PQS (the PQS Special Account) on terms and conditions satisfactory to the Bank. 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 June 30, 1996 or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower of such later date.

Section 2.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one percent ($3/4$ of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.05. (a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Interest Period equal to the Cost of Qualified Borrowings determined in respect of the preceding Semester, plus one-half of one percent ($1/2$ of 1%). On each of the dates specified in Section 2.06 of this Agreement, the Borrower shall pay interest accrued on the principal amount outstanding during the preceding Interest Period, calculated at the rate applicable during such Interest Period.

(b) As soon as practicable after the end of each Semester, the Bank shall notify the Borrower of the Cost of Qualified Borrowings determined in respect of such Semester.

(c) For the purposes of this Section:

(i) "Interest Period" means a six-month period ending on the date immediately preceding each date specified in Section 2.06 of this Agreement, beginning with the Interest Period in which this Agreement is signed.

(ii) "Cost of Qualified Borrowings" means the cost, as reasonably determined by the Bank and expressed as a percentage per annum, of the outstanding borrowings of the Bank drawn down after June 30, 1982, excluding such borrowings or portions thereof as the Bank has allocated to fund: (A) the Bank's investments; and (B) loans which may be made by the Bank after July 1, 1989, bearing interest rates determined otherwise than as provided in paragraph (a) of this Section.

(iii) "Semester" means the first six months or the second six months of a calendar year.

(d) On such date as the Bank may specify by no less than six months' notice to the Borrower, paragraphs (a), (b) and (c) (iii) of this Section shall be amended to read as follows:

"(a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Quarter equal to the Cost of Qualified Borrowings determined in respect of the preceding Quarter, plus one-half of one percent (1/2 of 1%). On each of the dates specified in Section 2.06 of this Agreement, the Borrower shall pay interest accrued on the principal amount outstanding during the preceding Interest Period, calculated at the rates applicable during such Interest Period."

"(b) As soon as practicable after the end of each Quarter, the Bank shall notify the Borrower of the Cost of Qualified Borrowings determined in respect of such Quarter."

"(c) (iii) 'Quarter' means a three-month period commencing on January 1, April 1, July 1 or October 1 in a calendar year."

(e) Notwithstanding the provisions of paragraph (a) of this Section, the interest rate for the Interest Period commencing in the first Semester of 1989 shall be seven and sixty-five hundredths percent (7.65%).

Section 2.06. Interest and other charges shall be payable semiannually on February 1 and August 1 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Loan in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

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 the Project with due diligence and efficiency and in conformity with appropriate administrative, financial and scientific practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) The Borrower shall: (i) provide in its annual budgets amounts sufficient to cover its contributions to Project costs; (ii) cause NSS and PQS to open and maintain at a commercial bank accounts (the Project Accounts) to be used exclusively for Project expenditures; (iii) pay into each of the Project Accounts initial amounts (representing 50% of the Borrower's contribution to the

first year's Project costs); and (iv) thereafter pay into the Project Accounts (not later than the quarter in which the Loan Agreement becomes effective) the Borrower's quarterly contributions to Project costs. The Borrower and the Bank presently estimate the said contributions to amount to \$6,600,000 over the Project period.

(c) The Borrower shall establish and thereafter maintain a Project Management and Monitoring Committee (PMMC). PMMC shall include the following members: (i) the Director, FDARD (Chairman); (ii) the Deputy Director of NSS; (iii) the Deputy Director of PQS; (iv) the Head of the Federal Agriculture Coordinating Unit (FACU); (v) the Director of Agriculture Sciences Research, FMST; (vi) representatives of the Research Institutes nominated in twos by FMST in rotation; (vii) one representative of the ADPs selected in rotation; and (viii) one representative of the private sector nominated by the Seed Industry and Growers Association. PMMC shall monitor Project execution, review disbursement of Project funds, and review the employment and quality of work of technical assistance consultants.

Section 3.02. Except as the Bank 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 Loan shall be governed by the provisions of Schedule 4 to this Agreement.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall cause NSS and PQS to maintain records and accounts adequate to reflect in accordance with sound accounting practices their respective operations and financial conditions.

(b) The Borrower shall cause NSS and PQS each to:

- (i) have its records, accounts and financial statements (balance sheets, statements of income and expenses and related statements) and the records and accounts for its Special Account for each fiscal year audited in accordance with appropriate auditing principles consistently applied by independent auditors acceptable to the Bank;
- (ii) furnish to the Bank as soon as available, but in any case not later than six months after the end of each such year: (A) certified copies of its financial statements for such year as so audited; and (B) the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested; and
- (iii) furnish to the Bank such other information concerning such records, accounts and financial statements and the audit thereof as the Bank shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Loan Account were made on the basis of statements of expenditure, the Borrower shall cause NSS and PQS each to:

- (i) maintain, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;
- (ii) retain, until at least one year after the Bank has received the audit report for the fiscal year in which the last withdrawal from the Loan Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;

- (iii) enable the Bank'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

Other Covenants

Section 5.01. The Borrower shall cause NSS and PQS each:

- (a) to take out and maintain with responsible insurers, or to make other provision satisfactory to the Bank for, insurance against such risks and in such amounts as shall be consistent with appropriate practice;
- (b) to carry on its operations and conduct its affairs in accordance with sound administrative, financial and scientific practices under the supervision of qualified and experienced management assisted by competent staff in adequate numbers; and
- (c) at all times to operate and to maintain its plants, machinery, equipment and other property, and from time to time, promptly as needed, to make all necessary repairs and renewals thereof, all in accordance with sound engineering, financial and scientific practices.

Section 5.02. The Borrower shall carry out, or cause to be carried out, the actions set out in Schedule 6 to this Agreement.

ARTICLE VI

Effective Date; Termination

Section 6.01. The following events are specified as additional conditions to the effectiveness of the Loan Agreement within the meaning of Section 12.01 (c) of the General Conditions:

- (a) PQS has: (i) carried out a review of its staffing level; (ii) prepared job descriptions for its staff; and (iii) prepared a staff development plan for the training to BSc degree or equivalent level of at least 50% of PQS's professional staff in positions of GL8 and above within five years of the Effective Date;
- (b) the Project Accounts have been opened and the initial amounts paid in;
- (c) NSS has introduced seed certification fees to cover at least 25% of its direct operational costs;
- (d) the Borrower has authorized NSS to open two accounts into which shall be paid: (i) proceeds from seed certification fees; and (ii) revenues from breeder and foundation seed sales;
- (e) the Borrower has authorized PQS to open an account into which shall be paid proceeds from fees and charges levied by PQS in respect of its operations;
- (f) NSS has introduced the first stage of foundation seed prices to cover seed procurement prices paid to contract growers and the costs to NSS of processing such seed;
- (g) NSS has: (i) obtained commitments from at least three

major seed producing States of the Borrower to recover the first stage of certified seed costs, including the following: (A) seed procurement prices paid by the ADPs of such States to contract growers; and (B) the costs to the said ADPs of processing certified seed; and (ii) jointly with the ADPs of other seed producing States of the Borrower, prepared an action plan to recover the costs mentioned above as incurred by such ADPS.

Section 6.02. The date (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VII

Representative of the Borrower; Addresses

Section 7.01. 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 7.02. 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:

Telex:

FEDMINFIN
Lagos

21248 (ITT)

For the Bank:

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:

Telex:

INTBAFRAD
Washington, D.C.

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

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/ Hamzat Ahmadu

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

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

SCHEDULE 1

Withdrawal of the Proceeds of the Loan

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

Category	Amount of the Loan Allocated (Expressed in Dollar Equivalent)	% of Expenditures to be Financed
(1) Civil Works (excluding works for second stage upgrading of PQS)	1,000,000	100% of foreign expenditures and 90% of local expenditures
(2) Vehicles, machinery and equipment (excluding items for second stage upgrading of PQS)	5,000,000	100% of foreign expenditures and 90% of local expenditures
(3) Technical assistance	1,700,000	100%
(4) Training	2,300,000	100%
(5) Seed research	600,000	100%
(6) Incremental working capitals	200,000	100%
(7) Reserve seed stock	300,000	100% of local expenditures
(8) Upgrading of PQS (Second Stage)	1,600,000	100% of foreign expenditures for goods and 90% of local expendi- tures for works
(9) Unallocated	1,300,000	
TOTAL	14,000,000	

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) expenditures under Category (5) unless NSS and the National Root Crops Research Institute (NRCRI) have signed an agreement with a suitably qualified institution for the development of rapid seed yam multiplication techniques; and

(c) expenditures under Category (8) for the second stage upgrading of PQS unless PQS has: (i) entered into arrangements with suitably qualified organizations for the testing and screening of certain categories of imported materials for diseases, pests and weeds which are subject to PQS standards and monitoring requirements; and (ii) furnished to the Bank the results of a review (carried out with the assistance of consultants employed pursuant to Section II of Schedule 4 to this Agreement) of the performance of the first set of pre-entry inspection stations and export certification units included in Part B (1) (iii) of the Project.

SCHEDULE 2

Description of the Project

The objectives of the Project are to assist in increasing agricultural production and farm incomes through: (i) helping institutions to achieve cost effective and timely production and distribution of good quality seed of selected varieties; (ii) development of a national strategy for (A) effecting changes in the roles and responsibilities of public institutions and agencies concerned with the seed sub-sector, (B) commercializing the operations of the said institutions and agencies and preparing them for possible future privatization, (C) accelerating development of seed sub-sector programs, (D) pricing of seed, (E) improving the effectiveness of seed certification, and (F) improving seed quality control operations; (iii) strengthening the private seed sub-sector; and (iv) strengthening the Borrower's Plant Quarantine Service (PQS).

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

Part A: Seed Sub-Sector

(1) Program to rationalize the roles and responsibilities of public sector seed agencies and to develop an appropriate policy framework for greater private sector participation in the seed sub-sector including:

- (i) Establishment of a National Seed Council (NSC) to guide overall development of the seed industry.
- (ii) Modification of the responsibilities and organizational structure of the Borrower's National Seed Service (NSS) including (A) coordination of breeder and foundation seed production by NSS's Seed Production Section, (B) production by the end of the third year of the Project of all foundation seed under contract arrangements with private seed growers, (C) establishment for the Seed Production Section of a revolving fund to ensure its financial autonomy, (D) establishment in NSS of a Seed Industry and Skill Development Section to assist NSS in the development and promotion of the seed industry in general and the private seed sector in particular, (E) strengthening of the NSS's Seed Certification and Quality Control Section in order to ensure purity and quality of traded seed, (F) reorganization of NSS's Administration and Personnel Management into a separate section, and (G) construction for NSS of additional office space, renovation of some NSS offices and purchase for NSS of furniture and equipment.

- (iii) Program to assist private sector development of the seed sub-sector including (A) phased adoption by public sector seed agencies of a pricing policy aimed at full cost recovery of foundation and certified seed and the removal of any constraints in the way of private seed sector enterprises to set their own prices, (B) direct participation by the private sector in the formulation by the NSC of seed policies, (C) the granting to private sector enterprises of access to breeder seed, (D) adoption of clear policies for allocating to private sector enterprises without independent research capability foundation seed of publicly bred varieties needed for the establishment of seed enterprises, (E) assisting private sector seed enterprises with the importation of breeding materials for use in the development of their own seed varieties, (F) assisting private sector enterprises with advice on the management of small to medium scale seed enterprises, the engineering aspects of construction and operation of seed processing plants and seed storage facilities, and the development of internal seed quality assurance programs, and (G) assisting in the establishment of up to ten smallscale seed enterprises with a capacity to produce about 150 to 250 tons per annum of good quality seed including purchase by NSS and sale by NSS to private sector enterprises at full cost of limited quantities of equipment needed for the establishment of the said enterprises.
- (iv) Seed industry development program including (A) assisting institutions participating in the Project with advice on seed industry development, financial management, quality control and certification, processing and storage requirements, (B) survey of seed demand and studies of seed legislation and human resource development, and (C) seed industry workshops and other specific studies relating to the development of the seed industry;
- (v) Preparation and review by NSC of a seed sub-sector development plan which will (A) make provisions for a national workshop for private and public seed sector agencies (including seed companies, potential local and overseas investors in the seed industry and financing agencies), (B) highlight areas for private sector participation, and (C) make provisions for a second workshop to review progress in the seed sub-sector and to develop an action program to overcome any constraints to the development of the seed sub-sector.
- (vi) Updating by NSC of the seed subsector development plan mentioned above on the basis of recommendations resulting from the said workshops.

(2) Program of seed variety testing, registration and release including:

- (i) Strengthening with the help of the National Co-ordinated Research Programs (NCRP) and related staff of the National Accelerated Food Production Program (NAFP) assigned to NSS of the variety testing mechanism and purchase of (A) vehicles for use by project coordinators and scientists in the course of variety testing, and (B) essential equipment for the variety testing programs.

- (ii) Assessment by farmers of new seed varieties before official release of seeds to the public.
- (iii) On-farm trials to be planned and coordinated by NSS's Seed Industry and Skill Development Section and carried out by on-farm adaptive research teams of the ADPS.
- (iv) Registration and release of new varieties with the help of the National Variety Registration and Release Committee (NVRRC) and the Genetic Resources Unit of the Federal Ministry of Science and Technology.
- (v) Program of applied seed technology research to be carried out with the help of the National Agricultural Research System including the National Root Crops Research Institute (NRCRI) acting in collaboration with an institution of international repute including (A) development of a rapid multiplication technique for seed yam using biotechnology, (B) purchase for the program of laboratory equipment and supplies, and (C) assisting the Seed Yam Growers Association of Nigeria to improve the quality and quantity of seed yam grown by farmers including the purchase for the purpose by NRCRI of a vehicle.

(3) Program of seed production, processing and storage including:

- (i) Purchase of farm machinery, laboratory equipment and vehicles by NSS for the five Research Institutes to improve breeder seed production facilities; coordination by NSS of breeder and foundation seed requirements of different varieties for various locations; and applying the certification process to breeder and foundation seed to safeguard quality.
- (ii) Certified and other commercial seed production program including (A) organization by the ADPs and the FASCOMs of certified seed production through contract growers, and (B) production of hybrid maize seed by private seed enterprises.
- (iii) Seed processing and storage program including (A) purchase by NSS for the five Research Institutes of facilities to process and store under controlled conditions small lots of breeder seed of different crop varieties, (B) purchase for NSS of specialized equipment for rehabilitation and upgrading of existing seed processing facilities including establishment of drying facilities, receiving facilities for seed from contract growers, seed elevators, cleaners, and assorted spare parts for processing plants, tools and generators, (C) provision by NSS of technical advice to the ADPs and private seed enterprises on processing plant operations and training in plant maintenance, (D) upgrading of facilities at NSS's regional locations, and (E) a study to identify appropriate storage designs for different agro-climatic zones including a review of storage pest and disease control practices.

(4) Strengthening seed certification and quality control activities including (A) establishment and carrying out of procedures and mechanisms for ensuring quality of breeder, foundation and certified seed, (B) assignment of suitably qualified staff in adequate numbers to seed quality control and certification operations, (C) purchase of vehicles to facilitate field inspections and visits, (D) upgrading of existing seed testing laboratories at Ibadan and

Samaru, (E) establishment of three new such laboratories at Jos, Umudike and Ilorin, and (F) providing finance for operational deficits arising from certification and quality control activities.

(5) Human resource development program including (A) local and overseas training for NSS staff and persons selected from public and private agencies, (B) upgrading of training facilities, (C) purchase of essential training equipment, and (D) skill enhancement of teaching staff to establish training and seed technology research facilities at one or two universities.

(6) Provision of additional working capital to ensure timely procurement of seed from contract growers and maintenance of reserve stocks of breeder and foundation seed.

Part B: Plant Quarantine Service

(1) Strengthening the ability of the Plant Quarantine Service (PQS) to provide efficient services including:

- (i) Establishment of a Plant Quarantine Consultative Committee to assist PQS on policy matters including (A) review of current quarantine legislation, (B) resource allocation to different activities, and (C) educating the public about plant quarantine concerns and risks to Nigerian agriculture.
- (ii) Establishment of a Plant Quarantine Technical Advisory Committee to (A) advise the head of PQS and through him the Borrower on the biological risks of unprecedented events, (B) be responsible for emergency response to exotic pests or disease incursions, and (C) provide new information on plant pest and disease occurrences.
- (iii) Streamlining major functions of PQS and reorientating PQS's work program to concentrate its resources in areas likely to yield the greatest benefits including (A) organizing PQS's existing divisions into three services, namely, a Headquarters Support Services (HDSS), a Post-entry Technical and Diagnostic Support Services (PETDS), a Port Inspectorate Services (PTIS), (B) establishing a computer based management information system for HDSS and upgrading its office equipment, (C) rehabilitation and upgrading of existing facilities of PETD and purchase for it of essential equipment and supplies, (D) establishment for PTIS of pre-entry inspection stations and export certification units and provision and/or upgrading, as necessary, of PTIS's office, laboratory, staff housing facilities, equipment and supplies including installation of radio communication equipment and telex machines, and (E) assisting PTIS to reintroduce a quarantine declaration form for incoming passengers.

(2) Training program for PQS staff including: (A) training of program managers, technical specialists and inspectors in inspection of imports and exports for pests, diseases and weeds; pesticide application and safety; technical aspects of quarantine operations; and (B) overseas training for technical experts, visits by senior management staff to quarantine services in other countries, training in risk assessment techniques, and studies on recent advances in plant quarantine techniques.

* * *

The Project is expected to be completed by December 31, 1995.

SCHEDULE 3

Amortization Schedule

Date Payment Due	Payment of Principal (expressed in dollars)*
August 1, 1995	255,000
February 1, 1996	265,000
August 1, 1996	275,000
February 1, 1997	285,000
August 1, 1997	295,000
February 1, 1998	310,000
August 1, 1998	320,000
February 1, 1999	335,000
August 1, 1999	345,000
February 1, 2000	360,000
August 1, 2000	375,000
February 1, 2001	385,000
August 1, 2001	400,000
February 1, 2002	420,000
August 1, 2002	435,000
February 1, 2003	450,000
August 1, 2003	470,000
February 1, 2004	485,000
August 1, 2004	505,000
February 1, 2005	525,000
August 1, 2005	545,000
February 1, 2006	565,000
August 1, 2006	590,000
February 1, 2007	610,000
August 1, 2007	635,000
February 1, 2008	660,000
August 1, 2008	685,000
February 1, 2009	710,000
August 1, 2009	740,000
February 1, 2010	765,000

* The figures in this column represent dollar equivalents determined as of the respective dates of withdrawal. See General Conditions, Sections 3.04 and 4.03.

Premiums on Prepayment

Pursuant to Section 3.04 (b) of the General Conditions, the premium payable on the principal amount of any maturity of the Loan to be prepaid shall be the percentage specified for the applicable time of prepayment below:

Time of Prepayment	Premium
	The interest rate (expressed as a percentage per annum) applicable to the Loan on the day of prepayment multiplied by:
Not more than three years before maturity	0.15
More than three years but not more than six years before maturity	0.30
More than six years but not more than 11 years before maturity	0.55
More than 11 years but not more than 16 years before maturity	0.80

More than 16 years but not
more than 18 years
before maturity 0.90

More than 18 years before
maturity 1.00

SCHEDULE 4

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: International Competitive Bidding

Except as provided in Part C hereof, goods estimated to cost \$500,000 or more equivalent 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).

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. Goods estimated to cost \$60,000 or more equivalent but less than \$500,000 equivalent (up to an aggregate amount not to exceed \$1,000,000 equivalent) and all works may be procured under contracts awarded on the basis of competitive bidding advertised locally, in accordance with procedures satisfactory to the Bank.

2. Goods estimated to cost less than \$60,000 equivalent (up to an aggregate amount not to exceed \$800,000 equivalent) may be procured under contracts awarded on the basis of comparison of price quotations solicited from a list of at least three suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Bank.

Part D: Review by the Bank of Procurement Decisions

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

(a) With respect to each contract estimated to cost the equivalent of \$500,000 or more, 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 the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Bank pursuant to paragraph 2 (d) of said Appendix shall be furnished to the Bank 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 the Special Account, said 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 Bank pursuant to said paragraph 3 shall be furnished to the Bank as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 5 to this Agreement.

(c) The provisions of the preceding subparagraphs (a) and (b) shall not apply to contracts on account of which the Bank has

authorized withdrawals from the Loan Account on the basis of statements of expenditure. Such contracts shall be retained in accordance with Section 4.01 (c) (ii) of this Agreement.

2. The figure of 10% 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 Bank. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Bank 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 5

Special Accounts

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) through (8) 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 Loan 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: (i) \$200,000 to be withdrawn from the Loan Account and deposited into the NSS Special Account pursuant to paragraph 3 (a) of this Schedule; and (ii) \$100,000 to be withdrawn from the Loan Account and deposited into the PQS Special Account pursuant to said paragraph 3 (a).

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

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

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Bank 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 Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account such amount or amounts as the Borrower shall have requested.

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

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Bank 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 Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the 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 made out of the Special Account for eligible expenditures. All such deposits shall be withdrawn by the Bank from the Loan 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 a Special Account, the Borrower shall, at such time as the Bank shall reasonably request, furnish to the Bank 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 Bank shall not be required to make further deposits into a Special Account:

(a) if, at any time, the Bank shall have determined that all further withdrawals should be made by the Borrower directly from the Loan 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 Loan allocated to the eligible Categories, less the amount of any outstanding special commitment entered into by the Bank 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 Loan Account of the remaining unwithdrawn amount of the Loan allocated to the eligible Categories of the Project shall follow such procedures as the Bank shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Bank shall have been satisfied that all such amounts remaining on deposit in a Special Account as of the date of such notice will be utilized in making payments for eligible expenditures; or

(c) if payment of any counterpart contribution to be made by the Borrower pursuant to Section 3.01 (b) of this Agreement shall be due and outstanding.

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

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

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

(d) Refunds to the Bank made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Loan Account for subsequent withdrawal or for cancellation in accordance with

the relevant provisions of this Agreement, including the General Conditions.

SCHEDULE 6

Actions Referred to in Section 5.02

1. NSS shall by December 31, 1992: (i) ensure that all foundation seed shall be produced under contract with private seed growers; and (ii) phase out and cease to operate all seed farms owned by it.
2. NSS shall by January 31, 1993, carry out a study into the feasibility of establishing a fully autonomous seed production operation with private sector participation.
3. (a) NSS shall provide private sector breeders and seed growers with access to breeder and foundation seed of publicly bred varieties.

(b) Subject to national phytosanitary and seed import/export regulations, the Borrower shall allow such breeders and seed growers to import seed for use in development of new varieties and/or for seed production.
4. NSS shall: (i) before starting its program of assistance to small-scale seed enterprises, prepare and furnish to the Bank for its approval (A) criteria for selecting the small-scale seed enterprises eligible for such assistance, and (B) details of NSS's plans for payment by the selected enterprises of the full cost of equipment received by them under the program; and (ii) use payments received from the enterprises for such equipment to promote the seed industry.
5. NSS shall, for the purposes of the variety testing and breeder seed production activities under the Project, by September 30, 1990, enter into agreements with the following institutes: (i) the Institute for Agriculture Research, Samaru, Zaria; (ii) the National Cereals Research Institute, Badeggi; (iii) the Institute for Agricultural Research and Training, Ibadan; (iv) the Root Crops Research Institute, Umudike; and (v) the Lake Chad Research Institute, Maiduguri. The said agreements shall set out the obligations and responsibilities of NSS, the Institutes and all participants in the said breeder seed production activities.
6. The Borrower shall ensure that the seed certification service of NSS is: (i) during the first three years of the Project given financial and operational autonomy; and (ii) by September 30, 1993, duly established as an autonomous service.
7. NSS shall enter into agreements with selected universities which set out the training and seed technology facilities to be provided, and the training and research programs to be undertaken by the universities concerned.
8. NSS shall: (i) maintain a separate revolving fund account; and (ii) exclusively use the said account to provide working capital required to finance reserve stock of breeder and foundation seed.
9. (a) NSS and PQS shall each prepare annually: (A) budgets and work programs; (B) a procurement program for the next following year; and (C) quarterly reports and management accounts. The budgets and work programs shall show project activities by cost centers and provide a basis for a proper management information system. The procurement program shall set out detailed information on quantities, sources of funds, timing and procurement methods by expenditure categories. The quarterly reports and management accounts shall show projected and actual expenditures and revenues to date. The management accounts shall include information on sources and use of funds and on processing plant capacity utilization and revenues from contractual services,

if any.

(b) NSS and PQS shall each furnish to: (i) the Bank the annual budgets and work and procurement programs; and (ii) the Bank and the Federal Department of Agriculture and Rural Development the quarterly reports and management accounts.

(c) NSS shall provide a secretariat for PMMC.

10. The Borrower shall cause to be carried out two separate mid-term reviews of the Project. The first such review shall take place during the second year of the Project and the second such review during the third year of the Project. NSS and PQS shall: (i) prepare with the help of the Agricultural Projects Monitoring and Evaluation Unit a Project Completion Report; and (ii) send the said Report to the Bank within six months after the Closing Date.

11. The Borrower shall by September 30, 1990: (i) establish the National Seed Council (NSC) mentioned in Part A (1) (i) of the Project; and (ii) inform the Bank of NSC's establishment.

12. NSS shall ensure that arrangements for seed variety testing, registration and release shall be put into effect by May 31, 1990.

13. NSS shall by December 31, 1990: (i) prepare revised job descriptions for its staff positions; (ii) appropriately regrade the jobs in relation to skill requirements; and (iii) ensure adequate reassignment of staff to its various sections.

14. FDARD shall, in consultation with PQS, by July 31, 1990: (i) establish the Plant Quarantine Consultative Committee and the Plant Quarantine Technical Advisory Committee mentioned in Part B (1) (i) and (ii) of the Project; and (ii) confirm to the Bank the membership and functions of the said Committees.

15. NSS and PQS shall each by December 31, 1990, in accordance with the provisions of Section II of Schedule 4 to this Agreement, employ all consultants and other technical assistance staff needed to strengthen NSS and PQS.

16. (a) NSS shall introduce the second and third stages of a pricing policy for foundation seed which shall require prices of such seed to be increased: (i) by December 31, 1991, to recover all transportation, storage, overhead and depreciation costs over and above the first phase price increases; and (ii) by December 31, 1992, to add to retail seed prices an adequate profit margin for marketing.

(b) The Borrower shall ensure that the ADPs and FASCOMs carry out the second and third stages of pricing policy for certified seed covering the cost items referred to above.

17. NSS shall require payment of seed certification fees adequate to cover: (i) by December 31, 1992, at least 50% of operational costs; and (ii) by December 31, 1995, at least 100% of all operational costs.

