

Public Disclosure Authorized

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CREDIT NUMBER 4160 - UNI

Financing Agreement

**Avian Influenza Control and Human Pandemic
Preparedness and Response Project**

between

FEDERAL REPUBLIC OF NIGERIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated April 5, 2006

Public Disclosure Authorized

CREDIT NUMBER 4160 - UNI

FINANCING AGREEMENT

AGREEMENT dated April 5, 2006, between FEDERAL REPUBLIC OF NIGERIA (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). The Recipient and the Association hereby agree as follows:

ARTICLE I – GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in the Financing Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II —FINANCING

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to thirty four million nine hundred thousand Special Drawing Rights (SDR 34,900,000) (“Credit”) to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 2.05. The Payment Dates are June 1 and December 1 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with repayment schedule set forth in Schedule 3 to this Agreement.

- 2.07. The Payment Currency is Dollars.

ARTICLE III —PROJECT

- 3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through the Federal Ministry of Agriculture and Rural Development and the Federal Ministry of Health in accordance with the provisions of Article IV of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV – EFFECTIVENESS; TERMINATION

- 4.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 4.02. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient (other than those providing for payment obligations) shall terminate is 20 years after the date of this Agreement.

ARTICLE V – REPRESENTATIVE; ADDRESSES

- 5.01. The Recipient's Representative is the Minister of Finance.
- 5.02. The Recipient's Address is:

The Honorable Minister
Federal Ministry of Finance
Ahmadu Bello Way
Abuja, Nigeria

Cable address: Facsimile:
FEDMINFIN 234-9-2343609
Abuja

5.03. The Association's Address is:

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

Cable:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI) or 64145 (MCI)	1-202-477-6391

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

FEDERAL REPUBLIC OF NIGERIA

By /s/ Ngozi Okonjo-Iweala

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Hafez Ghanem

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to minimize the threat posed to the poultry industry and humans by HPAI infection and other zoonoses and to prepare for, control, and respond to influenza pandemics and other infectious disease emergencies in humans.

The Project consists of the following parts:

1. Animal Health

1.1 Provision of support to implement the national prevention and control strategy including: (a) enhancing HPAI prevention and preparedness capability; (b) strengthening disease surveillance, diagnostic capacity, and applied veterinary research; (c) strengthening HPAI control programs and outbreak containment plans; and (d) improving bio-security in poultry production and trade; all through provision of technical advisory services, acquisition of goods, equipment, vaccines, and drugs, carrying out of civil works, and facilitation of training and workshops.

1.2 Provision of support of the establishment and operation of a compensation fund for the provision of compensation for poultry owners who report infected or dead poultry, through provision of technical advisory services and cash payments.

2. Human Health

Provision of support to strengthen health sector preparedness and response capacity including: (a) enhancing public health program, planning, delivery and coordination; (b) strengthening national public health surveillance system; and (c) strengthening health system response capacity; all through provision of technical advisory services, acquisition of goods, equipment, vaccines, and drugs, carrying out of civil works, and facilitation of training and workshops.

3. Social Mobilization and Strategic Communication

Improving public awareness and information through: (a) development of a strong and sustainable human resource capacity including carrying out of needs assessments, and institutional strengthening; and (b) provision of information and communication services including development and testing, and distribution of materials, general preventive measures, information and guidelines for health care providers, presentations, and symposium on surveillance, treatment, and prophylaxis; all through

provision of technical advisory services, acquisition of goods, equipment, vaccines, and drugs, carrying out of civil works, and facilitation of training and workshops.

4. Implementation Support and Monitoring and Evaluation

Provision of support for Project implementation, management, and coordination including: (a) provision of operational support; and (b) provision of support for monitoring and evaluation; all through provision of technical advisory services, acquisition of goods, equipment, carrying out of civil works, and facilitation of training and workshops.

SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

1. The Recipient shall establish and maintain at all times during the implementation of the Project, a National Inter-Ministerial Steering Committee co-chaired by the Federal Minister of Agriculture and Rural Development and Federal Minister of Health and including representatives of the Recipient's various ministries and agencies and donor agencies as observers.
2. The National Inter-Ministerial Steering Committee shall, through a national technical sub-committee, be responsible for: (i) providing general policies and strategic guidance; (ii) reviewing annual work plans and budgets; and (iii) ensuring effective coordination across agencies and international partners.
3. The Recipient shall maintain at all times during the implementation of the Project, Project Desk Offices at the Federal Ministry of Agriculture and Rural Development and the Federal Ministry of Health including component coordinators responsible for each Project component, administrative, procurement, and financial management staff.
4. The Project Desk Offices shall be responsible for: (i) ensuring effective implementation of the Project; (ii) procurement and financial management aspects of the Project; (iii) coordination with various Project executing agencies; and (iv) consolidating annual work plans and budgets for submission to the National Inter-Ministerial Steering Committee.
5. The Recipient shall prepare and furnish to the Association a Project Implementation Manual in form and substance satisfactory to the Association including details of procurement and disbursement arrangements, performance indicators and other administrative, financial and organizational arrangements, as well as interim guidelines for selecting, operating and monitoring disposal sites.
6. The Recipient shall: (a) develop by June 30, 2006 an Environmental Management Plan and a Medical Waste Management Plan each in form and substance satisfactory to the Association; (b) carry out implementation of the Project in accordance with the Environmental Management Plan and Medical Waste Management Plan; and (c) update the Project Implementation Manual to reflect the management and monitoring measures and related institutional arrangements set forth in the EMP and MWMP.

Section II. Project Monitoring, Reporting, Evaluation

A. Project Reports.

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators set forth below in paragraph 2 of this paragraph. Each Project Report shall cover the period of a quarter, and shall be furnished to the Association not later than 45 days after the end of the period covered by such report.
2. The performance indicators referred to above in sub-paragraph (a) consist of improved effectiveness of the Recipient to respond to the threats of an HPAI outbreak or a pandemic.

B. Financial Management, Financial Reports and Audits.

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association as part of the Project Report not later than 45 days after the end of each calendar quarter, interim un-audited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.

Section III. Procurement

A. General.

1. **Goods and Works.** All goods and works required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Schedule.

2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Schedule.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Works

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

<u>Procurement Method</u>
(a) Modified International Competitive Bidding
(b) National Competitive Bidding
(c) Shopping
(d) Direct Contracting
(e) Procurement from United Nations Agencies

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following table specifies methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

Procurement Method
(a) Selection Based on Consultants' Qualifications
(b) Selection of Individual Consultants
(c) Single Source Selection

D. Review by the Bank of Procurement Decisions

1. The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association.

Section IV. Withdrawal of the Proceeds of the Financing

A. General.

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of this Section and such additional instructions as the Bank may specify by notice to the Recipient, to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing ("Category"), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Credit Allocated (expressed in SDR)	Percentage of Expenditures to be Financed
(1) Goods, Works, Consultants' Services, Training, and Eligible Imports	25,780,000	100%
(2) Compensation Fund	6,710,000	100%
(3) Operating Costs	410,000	100%
(4) Unallocated	2,000,000	
TOTAL AMOUNT	34,900,000	

B. Withdrawal Conditions; Withdrawal Period.

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made:
 - (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed \$5,000,000 equivalent may be made for payments made prior to this date but on or after March 1, 2006;
 - (b) under Category (1) unless the Recipient has developed and adopted (i) a PIM in form and substance satisfactory to Association; and (ii) an annual work plan for the first year of the Project in form and substance satisfactory to the Association; or
 - (c) under Category (2) unless the Recipient has developed criteria, guidelines, procedures for payments under the Compensation Fund, in form and substance satisfactory to the Association.
2. The Closing Date is June 30, 2009.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each June 1 and December 1	
commencing June 1, 2016 to and including December 1, 2025	1%
commencing June 1, 2026 to and including December 1, 2045	2%

*The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.

APPENDIX

Definitions

1. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement;
2. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004;
3. “Eligible Imports” means the following list of imports (a) protective clothing and gear; (b) pharmaceuticals and vaccines; (c) medical and veterinary supplies and equipment; (d) communication equipment and supplies; and (e) Containers for food and water;
4. “Environmental Management Plan” means the set of mitigation, enhancement, monitoring, and institutional measures to be taken during Project implementation to eliminate any adverse environmental and social impacts, offset them, or reduce them to an acceptable levels, as the same may be amended from time to time with the prior agreement of the Association, and such term includes any schedules to the Environmental Management Plan;
5. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005;
6. “HPAI” means highly pathogenic avian influenza;
7. “Medical Waste Management Plan” means the plan for the management of hazardous health and medical waste under the Project, as the same may be amended from time to time with the prior agreement of the Association, and such term includes any schedules to the Medical Waste Management Plan;
8. “National Compensation Fund” means the fund to be established by the Recipient for provision of compensation for poultry owners who report sick or dead poultry;
9. “National Steering Committee” means the committee to be established by the Recipient to provide strategic guidance for Project implementation;

10. “Operating Costs” means the incremental expenses incurred on account of Project implementation, management, and monitoring, including office space rental and utilities, office supplies and equipment, bank charges, communications, vehicle operation, maintenance, insurance cost, building and equipment maintenance, travel, supervision and advertising;
11. “Procurement Guidelines” means the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004;
12. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated March 8, 2006 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs;
13. “Project Desk Offices” means the offices to be maintained by the Recipient to coordinate Project implementation; and
14. “Project Implementation Manual” means the manual to be prepared by the Recipient, and giving details of procurement and disbursement arrangements, performance indicators and other administrative, financial and organizational arrangements, including a financial management and accounting system as shall have been agreed with the Association for purposes of the implementation of activities under the Project, as same may be amended from time to time with the prior agreement of the Association, and such term includes any schedules to the Project Implementation Manual.