

CONFORMED COPY

LOAN NUMBER 2926 UNI

(Technical Education Project)

between

FEDERAL REPUBLIC OF NIGERIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated July 1, 1988

LOAN NUMBER 2926 UNI

LOAN AGREEMENT

AGREEMENT, dated July 1, 1988, between FEDERAL REPUBLIC OF NIGERIA (the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (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;

(B) the Borrower intends to obtain from the Overseas Development Administration of the United Kingdom (ODA) a grant (the ODA Grant) in an amount equivalent to about one million two hundred thousand dollars (\$1,200,000) to assist in financing the technical assistance and fellowships components of the Project on the terms and conditions set forth in a memorandum of understanding (the ODA Memorandum of Understanding) to be entered into between the Borrower and ODA; and

WHEREAS 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, wherever used in this Agreement, 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) "Project Office" means the Project Office established, for purposes of the Project, in the Federal Ministry of Education's Directorate of International Education;

(b) "Project Institutions" means the four Federal Polytechnics and the Federal Technical College, Yaba included in the Project;

(c) "NBTE" means the National Board for Technical Education, a statutory corporation of the Borrower;

(d) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement; and

(e) "Project Account" means the account referred to in Section 3.01 (c) 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, an amount in various currencies equivalent to twenty-three million three hundred thousand dollars (\$23,300,000).

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 dollars a special account in a commercial bank (the Special Account) on terms and conditions satisfactory to the Bank. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

Section 2.03. The Closing Date shall be December 31, 1995 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 per annum for each Interest Period equal to one-half of one percent (1/2 of 1%) per annum above the Cost of Qualified Borrowings for the last Semester ending prior to the commencement of 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 for such Semester.

(c) For purposes of this Section:

- (i) "Interest Period" means the six-month period commencing on each date specified in Section 2.06 of this Agreement, including the Interest Period in which this Agreement is signed.
- (ii) "Cost of Qualified Borrowings" means the cost of the outstanding borrowings of the Bank drawn down after June 30, 1982, expressed as a percentage per annum, as reasonably determined by the Bank.
- (iii) "Semester" means the first six months or the second six months of a calendar year.

Section 2.06. Interest and other charges shall be payable semiannually on March 15 and September 15 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 technical educational practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) The Borrower shall continue to maintain the Project Office in a form and with functions and staffing satisfactory to the Bank.

(c) The Borrower shall open and maintain in a commercial bank on terms and conditions satisfactory to the Bank a project account (the Project Account). Deposits into, and payments out of, the Project Account shall be made exclusively to meet the costs of the Project to be financed primarily by the Borrower.

(d) The Borrower shall: (i) pay into the Project Account an initial amount of three million Naira (N 3,000,000); and (ii) thereafter pay into the Project Account semi-annually amounts sufficient to meet the Borrower's contributions to the costs of the Project. The said semi-annual payments shall be based on estimates of project expenditure which the Project Office shall: (A) prepare each fiscal year for the immediately following fiscal year, and (B) furnish to the Bank for its review no later than June 30 of the fiscal year in which the estimates are to be prepared.

Section 3.02. The Borrower shall carry out the actions described in Schedule 6 to this Agreement to the satisfaction of the Bank, said Schedule being subject to modification from time to time by agreement between the Borrower and the Bank.

Section 3.03. 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 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 Account and the Project 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, 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 said records and accounts 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:

- (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 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

Remedies of the Bank

Section 5.01. (a) Pursuant to Section 6.02 (k) of the General Conditions, the following additional events are specified, namely that subject to subparagraph (b) of this Section:

- (i) the right of the Borrower to withdraw the proceeds of any grant or loan made to the Borrower for the financing of the Project (including the ODA Grant) shall have been suspended, cancelled or terminated, in whole or in part, pursuant to the terms of the agreement or instrument providing therefor, or
 - (ii) any such loan shall have become due and payable prior to the agreed maturity thereof.
- (b) Paragraph (a) of this Section shall not apply if the Borrower establishes to the satisfaction of the Bank that:
- (i) such suspension, cancellation, termination or prematuring is not caused by the failure of the Borrower to perform any of its obligations under such agreement or instrument; and
 - (ii) adequate funds for the Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.

Section 5.02. Pursuant to Section 7.01 (h) of the General Conditions, the following additional events are specified, namely, that any of the events specified in Section 5.01 (a) of this Agreement shall occur, subject to the proviso of Section 5.01 (b) above.

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) the employment of an agency or agencies satisfactory to the Bank to assist in the carrying out of the technical assistance and fellowship components of the Project; and
- (b) the establishment of the Project Account and the payment of the initial amount of N 3,000,000 required under Section 3.01 (d) of this Agreement.

Section 6.02. 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 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 Honorable Minister of Finance
and Economic Development
Federal Ministry of Finance
and Economic Development
P.M.B. 1519
Federal Secretariat, Ikoyi
Lagos, Nigeria

Cable address:

PERMFIN
Lagos

Telex:

21248

For the Bank:

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

Cable address:

INTBAFRAD
Washington, D.C.

Telex:

440098 (ITT)
248423 (RCA) or
64145 (WUI)

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/ Alhaji 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) Workshop and library, equip- ment, vehicles and spare parts	11,930,000	100% of foreign expenditures; 100% of local expenditures (ex-factory cost) and 85% of local expenditures for other items procured locally
(2) Library books and Journals	1,010,000	100% of foreign expenditures; 100% of local expenditures

		(ex-factory cost) and 85% of local expenditures for other items procured locally
(3) Consumable (training) materials	4,820,000	100% of foreign expenditures; 100% of local expenditures (ex-factory cost) and 85% of local expenditures for other items procured locally

Category	Amount of the Loan Allocated (Expressed in Dollar Equivalent)	% of Expenditures to be Financed
(4) Technical Assistance and fellowships	2,090,000	100%
(5) Evaluation, studies and preparation of follow-up projects	100,000	50%
(6) Program Develop- ment	250,000	50%
(7) Library furniture	180,000	50%
(8) Unallocated	2,920,000	
TOTAL	23,300,000	

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 payments made for expenditures prior to the date of this Agreement.

SCHEDULE 2

Description of the Project

The objectives of the Project are to assist the Borrower in:
(i) improving the quality of middle-level technical institutions,
and (ii) strengthening the planning, management and coordination
of technical and vocational education.

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: Improving Middle-level Technical Institutions

1. Provision of essential instructional inputs (including,
equipment, teaching materials, library books and consumable

(training) materials for laboratories and workshops) to four Federal polytechnics, located at Ado-Ekiti, Bida, Mubi and Unwana-Afikpo and the Federal Technical College, Yaba (the Project Institutions).

2. A program to strengthen management capability at the Project Institutions including: (i) local and overseas training, seminars and workshops in institutional management skills (budgeting, accounting, student evaluation and record keeping) for senior polytechnic administrators; (ii) clearer definition of the authority and responsibilities of administrators; and (iii) the establishment of a management information system that would assist in the development of suitable software or in the adaptation of an existing program to the specific requirements of the project polytechnics.

3. A staff development program for strengthening the technical expertise and practical skills of the teaching staff of the Project Institutions including seminars, workshops and intensive courses for the key staff of the teaching departments.

4. (a) Strengthening of the Borrower's existing industrial attachment program designed to relate the training of students of the Project Institutions to the needs and requirements of industry including measures to ensure: (i) greater involvement of employers in the placement and supervision of such students; (ii) more frequent, and more intensive on-site supervision by polytechnic staff; (iii) designation and training of in-plant supervisors; and (iv) monitoring and evaluation, through tracer studies, of graduates of the Project Institutions.

(b) Provision of basic office equipment and a vehicle for each of the Project Institutions to assist the industrial attachment program.

5. A program (to be coordinated by NBTE) for strengthening equipment maintenance including: (i) the establishment at each Project Institution of an equipment and facilities maintenance unit; (ii) local and overseas training in equipment and facilities maintenance (including training of equipment maintenance trainers).

6. A program to increase the output of technical teacher courses at two Federal polytechnics included in Part A.1 above; and the establishment, as an interim measure, of Advanced Crafts Certificate courses at three such Federal polytechnics.

7. A program to improve the efficiency of the Project Institutions including:

(a) measures to: (i) increase the average staff teaching hours to about 18 hours a week; (ii) increase class size to about 16 students in workshops/laboratories, and to about 32 students in lectures; and (iii) reduce class contact hours to about 28 hours per week; and

(b) provision of improved library facilities and instructional materials.

Part B: Strengthening Educational Planning, Management and Coordination

1. Strengthening the National Board of Technical Education (NBTE) to enable it to provide in-service courses in planning, management and evaluation of technical and vocational education including staff development programs designed to: (i) produce specialists in evaluation, monitoring and project accreditation; (ii) develop detailed guidelines and criteria for staff selection and evaluation; (iii) assess the efficiency and cost-effectiveness of instructional programs; (iv) assist curriculum development; (v) develop a tracer study of graduates and the responsiveness of instructional programs to the labor market; and (vi) assist

physical and campus planning.

2. (a) Establishment of a procurement unit at NBTE to be responsible for: (i) standardizing specifications of basic workshop and laboratory equipment; (ii) undertaking bulk procurement; (iii) training of staff in equipment procurement, record keeping, distribution, and specification writing; and (iv) training, as needed, of workshop assistants in equipment maintenance.

(b) Strengthening project execution capability in the Federal Ministry of Education (FME) including: (i) assistance to the Project Office in the identification, preparation and execution of externally assisted education projects; (ii) assistance to FME's Technical, Vocational and Science Education Division in planning and managing technical and vocational institutions; and (iii) assistance to the Federal Technical College, Yaba in the planning, management and attainment of its educational objectives.

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The Project is expected to be completed by June 30, 1995.

SCHEDULE 3

Amortization Schedule

Date Payment Due	Payment of Principal (expressed in dollars)*
On each March 15 and September 15 beginning September 15, 1993 through September 15, 2007	775,000
On March 15, 2008	825,000

