

CONFORMED COPY

LOAN NUMBER 3483 UNI

(National Agricultural Technology Support Project)

between

FEDERAL REPUBLIC OF NIGERIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

Dated August 25, 1992

LOAN NUMBER 3483 UNI

LOAN AGREEMENT

AGREEMENT, dated August 25, 1992, between the 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 will carry out the Project with the assistance of Bauchi, Jigawa, Kano, Kebbi, Sokoto and other States of Nigeria eligible to participate in the Project (hereinafter together referred to as the Project States);

(C) the Borrower will relend to the Project States under subsidiary loan agreements to be entered into between the Borrower

and the Project States proceeds of the Loan required by the Project States to carry out the Project; 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 modifications set forth below (the General Conditions) constitute an integral part of this Agreement:

(a) The last sentence of Section 3.02 is deleted.

(b) In Section 6.02, sub-paragraph (k) is re-lettered as sub-paragraph (l) and a new sub-paragraph (k) is added to read:

"(k) An extraordinary situation shall have arisen under which any further withdrawals under the Loan would be inconsistent with the provisions of Article III, Section 3 of the Bank's Articles of 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 Account" means an account referred to in Section 2.02 (b) of this Agreement;

(b) "FMAWRRD" means the Federal Ministry of Agriculture, Water Resources and Rural Development of the Borrower;

(c) "PCC" means the Projects Coordinating Committee of the Borrower established under Loan No. 2988-UNI (Second Multi-State Agricultural Development Project), as modified for the purposes of the Project;

(d) "Subsidiary Loan Agreement" means any of the agreements to be entered into between the Borrower and each of the Project States pursuant to Section 3.01 (d) of this Agreement, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Subsidiary Loan Agreement;

(e) "ATSFC" means the Agricultural Technology Support Facility Committee mentioned in Section 3.01 (f) of this Agreement;

(f) "FACU" means the Federal Agricultural Coordinating Unit of the Borrower;

(g) "BASIRDA" means the Bauchi State Integrated Rural Development Authority;

(h) "KNARDA" means the Kano Agricultural and Rural Development Authority;

(i) "SARDA" means the Sokoto Agricultural and Rural Development Authority;

(j) "ADPS" means the Agricultural Development Projects of the Project States;

(k) "Project Accounts" means the accounts referred to in Section 3.01 (b) (ii) of this Agreement;

(l) "Initial Amounts" means the initial amounts referred to in Section 3.01 (b) (iii) (A) of this Agreement and in paragraph (b) (ii) of Schedule 6 to this Agreement;

(m) "State" means a State of Nigeria; and

(n) "Project Period" means the period between the date of effectiveness of this Agreement and the Closing Date;

## 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 forty-two million five hundred thousand dollars (\$42,500,000), being 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, or cause to be opened and maintained, for Bauchi, Jigawa, Kano, Kebbi and Sokoto States in dollars special deposit accounts in one or more commercial banks on terms and conditions satisfactory to the Bank, including appropriate protection against set off, seizure or attachment. Deposits into, and payments out of, a 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, 1999 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."

Section 2.06. Interest and other charges shall be payable semiannually on May 1 and November 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, agricultural and engineering practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation or restriction upon the Borrower's obligations under paragraph (a) of this Section, the Borrower shall: (i) provide in its budget amounts adequate to cover its counterpart contributions to the costs of the Project; (ii) cause Bauchi, Jigawa, Kano, Kebbi and Sokoto States of Nigeria to open and maintain for their respective ADPS in a commercial or commercial banks project accounts (the Project Accounts) to be used by such ADPS for purposes of the Project; and (iii) pay into each of the Project Accounts (A) initial amounts (the Initial Amounts) equivalent to \$250,000 (for Bauchi State), \$300,000 (for Jigawa and Kano States), \$200,000 (for Kebbi and Sokoto States) being the counterpart contributions of the Borrower towards the respective expenditures to be made under the Project by the said ADPS during the first year of the Project Period, and (B) within 30 days following the end of each fiscal quarter of the Borrower (beginning with the first full fiscal quarter falling within the Project Period) 25% of the said counterpart contributions. The Borrower and the Bank estimate such counterpart contributions to amount, in 1991 prices over the Project Period to \$9,800,000 equivalent.

(c) The Borrower shall: out of the proceeds of the Loan and under agreements (the Subsidiary Loan Agreements) to be entered into by the Borrower and the Project States on terms and conditions which shall have been approved by the Bank (including those set forth in Schedule 6 to this Agreement), relend to: (i) Bauchi State \$11,400,000 equivalent; (ii) Jigawa and Kano States \$13,700,000 equivalent; (iii) Kebbi and Sokoto States \$10,800,000 equivalent; and (iv) Project States (other than Bauchi, Jigawa, Kano, Kebbi and Sokoto States) such amounts of the proceeds of the Loan allocated to Category (5) in Schedule 1 to this Agreement as shall respectively be determined by the Borrower and the Project States.

(d) The Borrower shall maintain the Project Coordinating Committee (PCC) in a form and with functions and staffing satisfactory to the Borrower and the Bank. PCC shall, inter alia, be responsible for the timely resolution of issues relating to the coordination of the policies and activities of the various agencies of the Borrower and the Project States carrying out the Project.

(e) The Borrower shall establish and maintain an Agricultural Technology Support Facility Committee (ATSFC) in a form and with functions satisfactory to the Bank. ATSFC shall, on behalf of the Federal Ministry of Agriculture, Water Resources and Rural Development (FMAWRRD), administer the Agricultural Technology Support Facility to be established pursuant to Part C (1) of the Project.

Section 3.02. (a) The Borrower shall, starting from 1992, cause to be prepared and furnished to the Bank no later than November 30 of each year of the Project Period, annual work programs and budgets for the Project satisfactory to the Bank, in respect of the next following year. The said programs and budgets shall, inter alia, (i) adequately show the activities being carried out under the Project, Project unit costs, benefits and productivity, and (ii) provide a basis for the proper management of the Project and the establishment and operation of a sound Project accounting system.

(b) The Borrower shall conclude by July 31, 1992, agreements satisfactory to the Bank, for the carrying out by national institutions acceptable to the Bank, of research to test and adapt available animal drawn or manually operated implements to conditions prevalent in the rainfed and irrigated areas of the Project.

(c) The Borrower shall require all proposals received from Project States for financing under the Agricultural Technology Support Facility (ATSF) to be first appraised by the Federal Agricultural Coordinating Unit (FACU) and then reviewed by ATSFC which, if it approves the proposal, shall send the first five of all such proposals to the Bank for the Bank's further review.

(d) The Borrower shall require all proposals referred to in paragraph (c) above estimated to cost more than \$1,000,000 equivalent to be appraised by FACU, cleared by ATSFC and submitted to the Bank for approval.

Section 3.03. The Borrower shall: (i) carry out by December 31, 1995, jointly with the Bank, a mid-term review to determine progress made in the carrying out of the Project; and (ii) for the purpose of (i) above through FACU coordinate the preparation of the comprehensive reports needed for the said review.

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 Accounts and the Project Accounts) 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. Pursuant to Section 6.02 (l) of the General Conditions, the following additional event is specified, namely, that any of the Project States shall have failed to perform any of its obligations under the respective Subsidiary Loan Agreement.

Section 5.02. Pursuant to Section 7.01 (h) of the General Conditions, the following additional event is specified, namely the event specified in Section 5.01 of this Agreement shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower.

#### 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 Borrower has paid into the Project Accounts the Initial Amounts in accordance with Section 3.01 (b) (iii) of this Agreement; and

(b) at least one Subsidiary Loan Agreement has been signed.

Section 6.02. The following is specified as an additional matter, within the meaning of Section 12.02 (c) of the General Conditions, to be included in the opinion or opinions to be furnished to the Bank, namely, that the Subsidiary Loan Agreement mentioned in Section 6.01 above has been duly authorized or ratified by the Borrower and the Project State concerned, and is legally binding upon the Borrower and the said Project State in accordance its terms.

Section 6.03. The date ninety (90) days after 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 Honorable 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  
P.M.B. 12591  
Federal Secretariat  
Ikoyi, Lagos  
Nigeria

Cable address:	Telex:
FEDMINFIN Lagos	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:	Telex:
INTBAFRAD Washington, D.C.	197688 (TRT) 248423 (RCA) 64145 (WUI) or 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/ Zubair M. Kazaure  
Authorized Representative

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ Edwin R. Lim  
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	3,000,000	100% of foreign expenditures or 95%
(2) Vehicles and equipment (including spare parts) and planting materials	15,500,000	100% of foreign expenditures and 90% of local expenditures
(3) Consultants' services, studies and training	5,000,000	100%
(4) Incremental operating costs	9,500,000	60% until \$6,000,000 equivalent has been disbursed and 40% for amounts disbursed thereafter
Category	Amount of the Loan Allocated (Expressed in Dollar Equivalent)	% of Expenditures to be Financed
(5) Agricultural Technology Support Facility:		
(a) civil works	500,000	100% of foreign expenditures or 95% of local expenditures
(b) vehicles and equipment	3,000,000	100% of foreign expenditures and



	(including spare parts) and planting materials		90% of local expenditures
(c)	consultants' services, studies and training	1,000,000	100%
(d)	incremental operating costs	1,800,000	50%
(6)	Unallocated	3,200,000	
	TOTAL	42,500,000	=====

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 except that withdrawals in an aggregate amount not exceeding \$1,000,000 equivalent may be made under Categories (1) and (3) on account of payments made before that date but after December 31, 1991;

(b) expenditures made by any Project State until that Project State has in accordance with: (i) paragraph (i) of Schedule 6 to this Agreement appointed a Program Manager, a Financial Controller and a Chief Agricultural Officer (together with two deputies to be responsible for Adaptive Research and Extension); and (ii) paragraph (b) of Schedule 6 to this Agreement paid into the Project Account the initial amount due;

(c) expenditures made by Bauchi, Jigawa, Kano, Kebbi or Sokoto State until Bauchi, Kano or Sokoto State has, under the unification plan referred to in paragraph (c) of Schedule 6 to this Agreement, completed the transfer of all its existing agricultural extension staff to its ADP;

(d) expenditures under Category (5) above until the ATSF and its Secretariat have been established in accordance with Section 3.01 (f) of this Agreement; and

(e) expenditures of any Project State until that Project State has entered into a Subsidiary Loan Agreement.

## SCHEDULE 2

### Description of the Project

The objectives of the Project are to: (i) assist the agencies of the Borrower responsible for its agricultural technology adaptation and dissemination programs to develop, adapt and extend location specific technologies required for sustainable development of the principal farming systems in Nigeria; and (ii) assist the agencies to reorganize and unify the agricultural extension services in order to provide better and cost effective service to all categories of farmers including women.

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: Technical Support Services

(1) On-farm adaptive research in Bauchi, Jigawa, Kano, Kebbi and Sokoto States of Nigeria (the Project States) including: (i) the provision of vehicles, farm and office equipment for, and improvements to, selected field testing facilities; (ii) a limited number of on-station or field trials; (iii) planning and review of the on-farm adaptive research referred to above; and (iv) sponsored research to be undertaken on behalf of the ADPs. (2) Reorganisation and unification of the State agricultural extension services including: (i) extension of such services to animal husbandry, agro-forestry, fisheries, soil and water conservation practices and animal traction; (ii) improvement in existing extension facilities; (iii) construction of new training halls for village extension agents; (iv) provision of additional space at the ADPs' headquarters, zonal and area level locations; and (iv) strengthening of extension media units and on-going radio and television programs.

(3) Assisting women to participate effectively in agriculture including: (i) provision of trained female staff at the ADPs' headquarters to deal with matters concerning women in agriculture; (ii) organisation and coordination by the ADPs on a State-wide basis of field and training activities for women; (iii) provision of suitable transportation for staff of the ADPs dealing with matters concerning women in agriculture; (iv) advising women on crop production techniques, animal production, food processing and nutrition; and (v) promoting other agro-based income generating activities for women.

(4) Promotion of the use of animal traction and animal drawn farm implements including: (i) rehabilitation and/or conversion of existing facilities in each of the Project States into animal traction or work oxen training centers; (ii) specialized and intensive training of village extension agents; (iii) short training courses for farmers interested in starting business as village mechanics, blacksmiths and carpenters who will repair and/or produce simple implements; and (iv) purchase and local manufacture of prototypes of simple farm tools and animal drawn implements for testing and demonstration to farmers.

(5) On-farm agro-forestry and soil and water conservation including: (i) the use of biological methods (trees and vetiveria planting in association with contour cultivation) to conserve soil and water and improve fertility; (ii) cultivation of valuable native farm trees such as Acacia albida to provide fuelwood and feed for livestock; (iii) production of vetiveria or other suitable grass and tree seedlings in existing ADPs and community managed nurseries to be established under the Project; (iv) promotion of vetiveria or other suitable grasses and trees in rainfed and irrigated areas of the Project States; and (v) establishment of demonstration and training plots to show farmers the benefits to be derived from different soil conservation, moisture retention and agro-forestry practices.

Part B: Project Management

(1) Strengthening the administration and finances of the ADPs including: (i) construction and rehabilitation of their buildings and facilities; (ii) provision to the project management units of the ADPs of vehicles and office equipment; (iii) review of the accounting systems and financial procedures of the ADPs; and (iv) independent audit of the Project accounts and expenditures of the ADPs.

(2) Strengthening of the planning, monitoring and evaluation units of the ADPs (PMEUs) including: (i) assisting the PMEUs to provide their respective State Governments with accurate reports on

performance under their respective agricultural programs; (ii) construction and renovation of the offices of the PMEUs; and (iii) provision to the PMEUs of vehicles and office equipment (including computers and photocopiers).

(3) ADP manpower development and training including training the management, technical, extension and administrative staff of the ADPS on the basis of the long-term human resource development plan prepared by the Borrower and annually updated by the Borrower under the Project.

(4) Technical assistance to ADP and other Project executing agencies including assisting extension human resource development, financial reviews, accounts and financial procedures, monitoring and evaluation and research on crops, livestock, fisheries, animal traction, and agro-forestry activities.

Part C: Agricultural Technology Support Facility

(1) Establishment of an Agricultural Technology Support Facility (ATSF) to assist in the financing of proposals including the making of loans: (i) to assist States other than Bauchi, Jigawa, Kano, Kebbi and Sokoto States of Nigeria to replicate programs to acquire, adapt and disseminate appropriate agricultural technology under the Project; (ii) to rehabilitate the facilities of, and provide operational support, to the Borrower's National Center for Agricultural Mechanisation (NCAM) to test and adapt animal drawn equipment and farm tools for use in Nigeria; (iii) to develop on a pilot basis technology and extension recommendations to minimize climatic risks in rainfed agriculture; (iv) to develop sustainable smallholder agricultural programs to integrate crops with livestock, fisheries and agro-forestry activities in the semi-arid zones of Northern Nigeria; and (v) to provide vehicles, computers, office equipment, furniture and other necessary facilities to ATSFC and its Secretariat.

\* \* \* \*

The Project is expected to be completed by December 31, 1998.

SCHEDULE 3

Amortization Schedule

Date Payment Due	Payment of Principal (expressed in dollars)*
November 1, 1997	775,000
May 1, 1998	805,000
November 1, 1998	835,000
May 1, 1999	870,000
November 1, 1999	900,000
May 1, 2000	935,000
November 1, 2000	975,000
May 1, 2001	1,010,000
November 1, 2001	1,050,000
May 1, 2002	1,090,000
November 1, 2002	1,130,000
May 1, 2003	1,175,000
November 1, 2003	1,220,000
May 1, 2004	1,270,000
November 1, 2004	1,320,000
May 1, 2005	1,370,000
November 1, 2005	1,420,000
May 1, 2006	1,475,000
November 1, 2006	1,535,000
May 1, 2007	1,595,000
November 1, 2007	1,655,000
May 1, 2008	1,720,000
November 1, 2008	1,785,000
May 1, 2009	1,855,000
November 1, 2009	1,925,000

May 1, 2010	2,000,000
November 1, 2010	2,075,000
May 1, 2011	2,160,000
November 1, 2011	2,240,000
May 1, 2012	2,330,000

\* 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

1. Except as provided in Part C hereof, goods and works 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 in bid packages estimated to cost an amount equivalent to \$200,000 or more each.

##### Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A.1 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. Works estimated to cost less than \$200,000 equivalent per contract up to an aggregate amount of \$3,600,000 equivalent, 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 \$200,000 equivalent per contract up to an aggregate amount of \$1,000,000 equivalent, may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Bank.
3. Items or groups of items estimated to cost less than \$60,000 equivalent per contract, up to an aggregate amount not to exceed \$2,500,000 equivalent, 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 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 \$200,000 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 a 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 a 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 subparagraph (b) shall not apply to contracts on account of which withdrawals from the Loan Account are to be made on the basis of statements of expenditure.
3. 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 the carrying out of 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 Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) through (4) 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 \$500,000 to be withdrawn from the Loan Account and deposited into each of the Special Accounts pursuant to paragraph 3 (a) of this Schedule.

2. Payments out of a 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 paid 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 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.

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 a 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

##### Terms and Conditions of Subsidiary Loan Agreements Referred to in Section 3.01 (d) of this Agreement

The provisions of the Subsidiary Loan Agreements shall, inter alia, require:

(a) all of the Project States to (i) pay annual interest and other charges on, and repay the principal of, the proceeds of the Loan relented to them on the same terms and conditions as, with respect to the payment of interest and other charges and repayment of principal shall apply under the provisions of this Agreement to the Borrower, and (ii) provide in their annual budgets amounts adequate to cover the estimated incremental expenditures under the Project of the ADPs;

(b) Bauchi, Jigawa, Kano, Kebbi and Sokoto States each to (i) open and maintain the Project Accounts for their ADPs; and (ii) pay into the Project Accounts (A) initial amounts equivalent to \$250,000 (Bauchi State), \$300,000 (Jigawa and Kano States) and (\$200,000 Kebbi and Sokoto States) as their counterpart contributions towards the expenditures to be made by their ADPs in respect of the Project during the first year of the Project Period, and (B) within 30 days following the end of each fiscal quarter of the Borrower (beginning with the first full fiscal quarter falling within the Project Period) 25% of their respective counterpart contributions;

(c) Bauchi, Jigawa, Kano, Kebbi and Sokoto States to (i)

prepare and furnish to the Bank a plan satisfactory to the Bank for the unification of their agricultural extension activities under their ADPS and (ii) determine the exact number of existing extension staff to be transferred under the said extension unification plans to their ADPS;

(d) Bauchi, Jigawa, Kano, Kebbi and Sokoto States not to employ any new Block Extension Supervisors or new Village Extension Agents (VEAs) (i) until it has first determined the number of existing extension staff to be so transferred, or (ii) in excess of the number needed under the extension unification plan;

(e) Bauchi, Jigawa, Kano, Kebbi and Sokoto States to maintain a VEA to farm family ratio of about 1:1000;

(f) Jigawa and Kano States (which have attained the ratio referred to in (d) above) not to employ any new VEAs in addition to the VEAs employed by them as of the date of the Loan Agreement;

(g) Bauchi, Jigawa, Kano, Kebbi and Sokoto States respectively to (i) employ within three months after the effectiveness of the Loan Agreement qualified and experienced accountants to review (A) the adequacy of staff skills and resources of their respective ADPS for producing timely and adequate project accounts, and (B) the accounting and financial procedures of their respective ADPS with a view to recommending improvements in the said procedures; (ii) furnish to the Bank the results of the said review for the Bank's comments within six months after the effectiveness of this Agreement;

(h) Bauchi, Jigawa, Kano, Kebbi and Sokoto States each to establish by December 31, 1992, in a form and with functions satisfactory to the Bank an Agricultural Programs Liaison Committee to improve linkages with other state agencies at the operational level;

(i) the Project States each to (i) maintain its respective Agricultural Program Management Unit in a form and with functions satisfactory to the Bank, and (ii) appoint and assign to the Project, on terms and conditions satisfactory to the Bank, qualified and experienced persons to manage the Project including a Program Manager, a Financial Controller, the respective Heads of the Agricultural Services including a Chief Agricultural Officer (together with two deputies to be responsible for Adaptive Research and Extension), Planning, Monitoring and Evaluation and Manpower Development and Training and a Procurement Officer;

(j) Bauchi, Jigawa, Kano, Kebbi and Sokoto States each to cause their ADPS to sell fruit trees at prices that will allow the recovery of at least (A) their operational costs in the first year of the Project Period and (B) their full costs as from the fourth year of the Project Period;

(k) Bauchi, Jigawa, Kano, Kebbi and Sokoto States to cause their ADPS to (i) update annually their Human Resource Development Plans and (ii) furnish to the Bank by January 31 of each year starting in 1992 an annual training program satisfactory to the Bank;

(l) Bauchi, Jigawa, Kano, Kebbi and Sokoto States acting through their ADPS to conclude by March 31, 1992 agreements satisfactory to the Bank with institutions acceptable to the Bank for assistance in the carrying out of adaptive research and planning, and monitoring and evaluation under the Project; and

(m) Bauchi State to: (i) carry out its components of the Project through the Agricultural Development Program Unit of BASIRDA acting under the direction of the Bauchi Agricultural Development Program Executive Committee (BADPEC); (ii) reconstitute BADPEC with Bauchi State's Governor as Chairman of BADPEC; (iii) include as members of BADPEC two representatives of FMAWRRD; (iv) carry out jointly with FMAWRRD and the Bank by June 30, 1993 a review of the



organizational arrangements supporting the carrying out of Bauchi State's components of the Project; and (v) by December 31, 1993 put into effect recommendations emanating from the said review.

