Dr. Ngozi Okonjo-Iweala  
Coordinating Minister for the Economy and  
Honorable Minister of Finance,  
Federal Ministry of Finance  
Finance Building  
Central Business Area  
Abuja, Nigeria

Excellency,

Re: Nigeria: Credit Number 5292-NG  
(Housing Finance Project)  
Additional Instructions: Disbursement

I refer to the Financing Agreement ("Agreement") of even date between the Federal Republic of Nigeria ("Recipient") and the International Development Association ("Association" or "World Bank"), for the above-referenced project. The Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of IDA Credit - 5292- NG ("Financing"). This letter ("Disbursement Letter"), as revised from time to time, constitutes the additional instructions.

The attached World Bank Disbursement Guidelines for Projects, dated May 1, 2006, ("Disbursement Guidelines") (Attachment 1), are an integral part of the Disbursement Letter. The manner in which the provisions in the Disbursement Guidelines apply to the Financing is specified below. Sections and subsections in parentheses below refer to the relevant sections and subsections in the Disbursement Guidelines and, unless otherwise defined in this letter, the capitalized terms used have the meanings ascribed to them in the Disbursement Guidelines.

I. Disbursement Arrangements

(i) **Disbursement Methods (section 2)**. The following Disbursement Methods may be used under the Financing:

- Direct Payment
- Advances
- Reimbursement

(ii) **Disbursement Deadline Date (subsection 3.7)**. The Disbursement Deadline Date is four [4] months after the Closing Date specified in the Financing Agreement. Any changes to this date will be notified by the Association.

(iii) **Disbursement Conditions (subsection 3.8)**. Please refer to the Disbursement Condition(s) in the Financing Agreement.
II. Withdrawal of Financing Proceeds

(i) Authorized Signatures (subsection 3.1).
A letter in the Form attached (Attachment 2) should be furnished to the Association at the address indicated below providing the name(s) and specimen signature(s) of the official(s) authorized to sign Applications:

The World Bank,
Nigeria Country Office,
102, Yakubu Gowon Crescent,
Asokoro, Abuja,
Federal Republic of Nigeria.
Attention: Marie Francoise Marie-Nelly, Country Director for Nigeria

(ii) Applications (subsections 3.2 - 3.3). Please provide completed and signed (a) applications for withdrawal, together with supporting documents, and (b) applications for special commitments, together with a copy of the commercial bank letter of credit, to the address indicated below:

The World Bank, Loan Department,
Kenya Re Towers, 10th Floor,
Upper Hill, off Ragati Road,
Nairobi, Kenya.
Tel: 254 20 2983 211
Attention: Loan Department

(iii) Electronic Delivery (subsection 3.4) The Association may permit the Recipient to electronically deliver to the Association Applications (with supporting documents) through the Association’s Client Connection, web-based portal. The option to deliver Applications to the Association by electronic means may be effected if: (a) the Recipient has designated in writing, pursuant to the terms of subparagraph (i) of this Section, its officials who are authorized to sign and deliver Applications and to receive secure identification credentials (“SIDC”) from the Association for the purpose of delivering such Applications by electronic means; and (b) all such officials designated by the Recipient have registered as users of Client Connection. If the Association agrees, the Association will provide the Recipient with SIDC for the designated officials. Following which, the designated officials may deliver Applications electronically by completing Form 2380, which is accessible through Client Connection (https://clientconnection.worldbank.org). The Recipient may continue to exercise the option of preparing and delivering Applications in paper form. The Association reserves the right and may, in its sole discretion, temporarily or permanently disallow the electronic delivery of Applications by the Recipient.

(iv) Terms and Conditions of Use of SIDC to Process Applications. By designating officials to use SIDC and by choosing to deliver the Applications electronically, the Recipient confirms through the authorized signatory letter its agreement to: (a) abide by the Terms and Conditions of Use of Secure Identification Credentials in connection with Use of Electronic Means to Process Applications and Supporting Documentation (“Terms and Conditions of Use of Secure Identification Credentials”) provided in Attachment [3]; and (b) to cause such official to abide by those terms and conditions.
(v) Minimum Value of Applications (subsection 3.5). The Minimum Value of Applications is USD 200,000

(vi) Advances (sections 5 and 6).

- **Type of Designated Account (subsection 5.3):** Segregated only for Part 4 of the Project

  The Designated Account will be managed by the Central Bank of Nigeria (CBN)

- **Currency of Designated Account (subsection 5.4):** US Dollars

- **Financial Institution at which the Designated Accounts Will Be Opened (subsection 5.5):** CBN

- **Ceiling (subsection 6.1):** USD 2,000,000

III. Reporting on Use of Financing Proceeds

(i) Supporting Documentation (section 4). Supporting documentation should be provided with each application for withdrawal as set out below:

- **For reporting eligible expenditures paid from the Designated Account:**
  - Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices, documentary evidence of delivery and acceptance of contracted goods or service) (i) goods and works valued at USD 300,000 or more; (ii) consulting firms valued at USD 100,000 or more, and (iii) individual consultants valued at USD 50,000 or more;
  - Statement of Expenditure in the form attached (Attachment 4) for all other expenditures / contracts; and
  - List of payments against contracts that are subject to the World Bank's prior review, in the form attached (Attachment 5).

- **For requests for Direct Payments:** records evidencing eligible expenditures, e.g., copies of receipts, supplier invoices and documentary evidence of delivery and acceptance of contracted goods or service.

(ii) Frequency of Reporting Eligible Expenditures Paid from the Designated Account (subsection 6.3): Monthly

(iii) Other Supporting Documentation Instructions

- Copies of the bank statement of all the Designated Accounts and project bank accounts and a reconciliation statement for these Accounts should be submitted with each Application of replenishment.
Specific Disbursement Reports Required per Category

- Parts 1, 2, and 3 will not require the use of a Designated Account.
- Part 1 will disburse accordingly to the tranches specified in the Financing Agreement Schedule 4 based on the DLIs using Direct Transfers to the CBN.
- Part 2 and 3 will disburse using Direct Transfers to the CBN.
- Part 4 will use monthly reimbursements from the Bank based on transaction-based disbursements (SOEs).

IV. Withdrawal Conditions and Other Disbursement Instructions

Please refer to the Financing Agreement, Schedule 2, Section B for the withdrawal conditions description. The project eligible expenditures are related directly to the funds invested in the different lines of credit for Parts 1 and 2 of the project, as well as the HMF loans made under Part 3, and Goods, non-consulting services, consultants’ services, Operating Costs and Training under Part 4. The detail description of eligible expenditures can be found in the Financing Agreement.

V. Other Important Information


From the Client Connection website, you will be able to download Applications, monitor the near real-time status of the Financing, and retrieve related policy, financial, and procurement information.

If you have any queries in relation to the above, please contact Luis Schwarz, Senior Finance Officer, at service account email address ‘LOA-afr@worldbank.org’ using the above reference.

Yours sincerely,

Marie Francoise Marie-Nelly
Country Director for Nigeria,
Africa Region

Attachments
1. World Bank Disbursement Guidelines for Projects, dated May 1, 2006
2. Form for Authorized Signatures
4. Form of “Statements of Expenditures” (SOEs)
5. Form of Summary Sheet for Payments Against Contracts Subject to the World Bank’s Prior Review
6. Form of Disbursement Linked Indicators for each of the tranches completed
7. Form of Designated Account Activity Statement
The World Bank,  
Nigeria Country Office,  
102, Yakubu Gowon Crescent,  
Asokoro, Abuja,  
Federal Republic of Nigeria.

Attention: Country Director for Nigeria

Dear [Country Director]:

**Re: Nigeria: Credit Number 5292-NG**
*(Housing Finance Project)*

I refer to the Financing Agreement ("Agreement") between the Federal Republic of Nigeria ("Recipient") and the International Development Association ("Association"), dated ______ for the above-referenced project.

For the purposes of Section 2.03 of the General Conditions as defined in the Agreement, any 1[one] of the persons whose authenticated specimen signatures appear below is authorized on behalf of the Recipient to sign applications for withdrawal [and applications for a special commitment] under this Financing.

For the purpose of delivering Applications to the Association, 2[each] of the persons whose authenticated specimen signatures appears below is authorized on behalf of the Recipient, acting 3[individually] 4[jointly], to deliver Applications, and evidence in support thereof on the terms and conditions specified by the Association.

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1 Instruction to the Recipient: Stipulate if more than one person needs to sign Applications, and how many or which positions, and if any thresholds apply. *Please delete this footnote in final letter that is sent to the Association.*

2 Instruction to the Recipient: Stipulate if more than one person needs to jointly sign Applications, if so, please indicate the actual number. *Please delete this footnote in final letter that is sent to the Association.*

3 Instruction to the Recipient: Use this bracket if any one of the authorized persons may sign; if this is not applicable, please delete. *Please delete this footnote in final letter that is sent to the Association.*

4 Instruction to the Recipient: Use this bracket only if several individuals must jointly sign each Application; if this is not applicable, please delete. *Please delete this footnote in final letter that is sent to the Association.*
This confirms that the Recipient is authorizing such persons to accept Tokens and to deliver the Applications and supporting documents to the Association by electronic means. In full recognition that the Association shall rely upon such representations and warranties, including without limitation, the representations and warranties contained in the *Terms and Conditions of Use of Secure Identification Devices in connection with Use of Electronic Means to Process Applications and Supporting Documentation* ("Terms and Conditions of Use of Tokens"), the Recipient represents and warrants to the Association that it will deliver to each such person a copy of the Terms and Conditions of Use of Tokens and will cause such persons to abide by those terms and conditions.

This Authorization replaces and supersedes any Authorization currently in the Association records with respect to this Agreement.

[Name], [position]  
Specimen Signature: __________________

[Name], [position]  
Specimen Signature: __________________

[Name], [position]  
Specimen Signature: __________________

Yours truly,

/ signed /

[Position]

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5 Instruction to the Recipient: Add this paragraph if the Recipient wishes to authorize the listed persons to accept Tokens and to deliver Applications by electronic means; if this is not applicable, please delete the paragraph. *Please delete this footnote in final letter that is sent to the Association.*
The World Bank (Bank)⁶ will provide secure identification devices (Tokens) to permit the Borrower⁷ to deliver applications for withdrawal and applications for special commitments under the Agreement(s) and supporting documentation (such applications and supporting documentation together referred to in these Terms and Conditions of Use as Applications) to the Bank electronically, on the terms and conditions of use specified herein.

A. Identification of Users.

1. The Borrower will be required to identify in a completed Authorized Signatory Letter (ASL) duly delivered to and received by the Bank each person who will be authorized to deliver Applications. The Bank will provide Tokens to each person identified in the ASL (Signatory), as provided below. The Borrower shall also immediately notify the Bank if a Signatory is no longer authorized by the Borrower to act as a Signatory.

2. Each Signatory must register as a user on the Bank’s Client Connection (CC) website (https://clientconnection.worldbank.org) prior to delivery of Tokens. Registration on CC will require that the Signatory establish a CC password (CC Password). The Signatory shall not reveal his/her CC Password to anyone or store or record the CC Password in written or other form. Upon registration as a CC user, the Signatory will be assigned a unique identifying account name.

B. Distribution, Initialization and Return of Tokens.

1. The Bank will physically deliver a Token to each Signatory in a manner to be determined by and satisfactory to the Bank.

2. At the time of delivery of a Token to a Signatory, the Signatory will receive a copy of these Terms and Conditions of Use for purposes of initializing the Token.

3. The Bank will verify that the Token, Temporary Password and Terms and Conditions of Use have been duly delivered to and received by the CC User.

4. Promptly upon receipt of the Token and Terms and Conditions of Use, the Signatory will access CC using his/her account name and CC Password and register his/her Token and set a personal identification number (PIN) to be used in connection with the use of his/her Token, after which the Token will be initialized for use by the Signatory exclusively for purposes of delivering

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⁶ "Bank" includes IBRD and IDA.
⁷ "Borrower" includes the borrower of an IBRD loan, IDA credit, or Project Preparation Facility advance and the recipient of a grant.
Applications. Upon initialization of the Token, the Signatory will be a “Token User”. The Bank will maintain in its database a user account (Account) for each Token User for purposes of managing the Token of the Token User. Neither the Borrower nor the Token User will have any access to the Account.

5. Prior to first use of the Token by the Token User for delivering Applications, the Borrower shall ensure that the Token User has received training materials provided by the Bank in use of the Token.

6. Tokens shall be promptly returned to the Bank upon request of the Bank.

C. Management of Tokens.

1. Tokens will remain the property of the Bank.

2. Use of the Token is strictly limited to use in the delivery of Applications by the Token User in the manner prescribed by the Bank in the Agreement(s) and these Terms and Conditions. Any other use of the Token is prohibited.

3. The Bank assumes no responsibility or liability whatsoever for any misuse of the Token by the Token User, other representatives of the Borrower, or third parties.

4. The Borrower undertakes to ensure, and represents and warrants to the Bank (such representation and warranty being expressly relied upon by the Bank in delivery of a Token to each Token User) that each Token User is provided, understands and will abide by, these Terms and Conditions of Use, including without limitation the following:

Security

4.1. The Token User shall not reveal his/her PIN to anyone or store or record the PIN in written or other form.

4.2. The Token User shall not allow anyone else to utilize a Token to deliver an Application to the Bank.

4.3. The Token User shall always logout from CC when not using the system. Failure to logout properly can create a route into the system that is unprotected.

4.4. If the Token User believes a third party has learned his/her PIN or has lost his/her Token he/she shall immediately notify clientconnection@worldbank.org.

The Borrower shall immediately notify the Bank at clientconnection@worldbank.org of any lost, stolen or compromised Tokens, and take other reasonable steps to ensure such Tokens are disabled immediately.

Care of Tokens

4.5. Tokens contain delicate and sophisticated instrumentation and therefore should be handled with due care, and should not be immersed in liquids, exposed to extreme temperatures, crushed or bent. Also, Tokens should be kept more than five (5) cm from devices that generate
electromagnetic radiation (EMR), such as mobile phones, phone-enabled PDAs, smart phones and other similar devices. Tokens should be carried and stored separate from any EMR device. At close range (less than 5 cm), these devices can output high levels of EMR that can interfere with the proper operation of electronic equipment, including the Token.

4.7 Without derogating from these Terms and Conditions of Use, other technical instructions on the proper use and care Tokens are available at http://www.rsa.com.

5. Replacement

5.1. Lost, damaged, compromised (in terms of 4.5, above) or destroyed Tokens will be replaced at the expense of the Borrower.

5.2. The Bank reserves the right, in its sole discretion, not to replace any Token in the case of misuse, or not to reactivate a Token User’s Account

6. Reservation of Right to disable Token

6.1. The Borrower shall reserve the right to revoke the authorization of a Token User to use a Token for any reason.

6.2. The Bank reserves the right, in its sole discretion, to temporarily or permanently disable a Token, de-activate a Token User’s Account or both.
STATEMENT OF EXPENDITURE (SOE)

<table>
<thead>
<tr>
<th>Category No.</th>
<th>Name of Supplier, Contractor, or Consultant</th>
<th>Brief Description of Goods or Services</th>
<th>Total Amount of Contract (Include all currencies)</th>
<th>Currency of Expenditure</th>
<th>Total invoice amount covered by this application (net of retention)</th>
<th>Eligible % of financing</th>
<th>Currency and eligible amount paid (7)x(8)</th>
<th>US$ Equivalent paid from designated account</th>
<th>Date of Payment</th>
<th>Exchange Rate**</th>
<th>Remarks</th>
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**TOTALS

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**Documents for this SOE retained at: ________________________________
Payments made during the period from __________ to __________

For expenditures against the contracts not subject to the Bank Prior Review

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Category Name &amp; No. (**)</th>
<th>Currency and Total Amount of Contract</th>
<th>Name of Contractor / Payee</th>
<th>Currency and Total Amount of Invoice Covered by Application (Net of Retention)</th>
<th>Eligible % from Schedule 1 of Loan/Credit Agreement</th>
<th>Amount Eligible for Financing (4 x 5)</th>
<th>Currency and Amount Paid from Designated Account (if Applicable)</th>
<th>Exchange Rate (Col. 7 divided by Col. 6)</th>
<th>Remarks</th>
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</table>

TOTALS

Authorized Signatory

Supporting documents for this SOE retained at ____________________________ (insert location)

(*) A separate SOE form should be used for retroactive financing

(**) Items should be grouped by category; or alternatively, a separate SOE form may be used for each category
Project Name:
Payments Made during Reporting Period
Against Contracts Subject to the Bank's Prior Review

<table>
<thead>
<tr>
<th>Contract Number</th>
<th>Supplier</th>
<th>Contract Date</th>
<th>Contract Amount</th>
<th>Date of WB's Non Objection to Contract</th>
<th>Amount Paid to Supplier during Period</th>
<th>WB's Share of Amt Paid to Supplier during Period</th>
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</table>
## Disbursement Linked Indicators for Category (1) of the Disbursement Table

<table>
<thead>
<tr>
<th>Tranche</th>
<th>Maximum Amount Allocated (USD equivalent)</th>
<th>Disbursement Linked Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>20,000,000</td>
<td>Compliance with the Conditions of Effectiveness under Section 5.01 of the Financing Agreement</td>
</tr>
<tr>
<td>II</td>
<td>100,000,000</td>
<td>Evidence that NMRC has carried out Due Diligence for refinancing or pre-financing transactions of mortgage loans of Participating Mortgage Lenders.</td>
</tr>
<tr>
<td>III</td>
<td>70,000,000</td>
<td>Evidence that, during the period since Tranche II disbursement, NMRC has: (i) issued and sold new bonds the proceeds of the sale of which shall be used to refinance and/or pre-finance eligible mortgages with a minimum volume of bonds outstanding equivalent to USD120 million; and (ii) refinanced and/or pre-financed eligible mortgage loans at a minimum volume of USD120 million equivalent</td>
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<tr>
<td>IV</td>
<td>20,000,000</td>
<td>Evidence that, during the period since Tranche III disbursement, NMRC has: (i) issued and sold new bonds the proceeds of the sale of which shall be used to refinance and/or pre-finance eligible mortgages with a minimum volume of bonds outstanding equivalent to USD100 million; and (ii) refinanced or pre-financed eligible mortgage loans in an aggregate amount of USD100 million equivalent</td>
</tr>
<tr>
<td>V</td>
<td>20,000,000</td>
<td>Evidence that, during the period since Tranche IV disbursement, NMRC has: (i) issued and sold new bonds the proceeds of the sale of which shall be used to refinance and/or pre-finance eligible mortgages with a minimum volume of bonds outstanding equivalent to USD50 million; and (ii) refinanced or pre-financed eligible mortgage loans in an aggregate amount of USD50 million equivalent</td>
</tr>
<tr>
<td>VI</td>
<td>20,000,000</td>
<td>Evidence that, during the period since Tranche V disbursement, NMRC has: (i) issued and sold new bonds the proceeds of the sale of which shall be used to refinance and/or pre-finance eligible mortgages with a minimum volume of bonds outstanding equivalent to USD50 million; and (ii) refinanced or pre-financed eligible mortgage loans in an aggregate amount of USD50 million equivalent</td>
</tr>
</tbody>
</table>

*As elaborated in the Minutes of Negotiations.*
Credit No.:
Bank and Account No.:

Part I
1. Cumulative advances to end of current reporting period
2. Cumulative expenditures to end of last reporting period
3. Outstanding advances to be accounted (1-2)

Part II
4. Opening DA balance at beginning of reporting period (per Bank statement attached, as of ....)
5. Add/Subtract: Cumulative adjustments, including interest earned and recoveries by WB, (if any)
6. Advances received from the World Bank during current reporting period
7. Closing DA balance at end of current reporting (per Bank statement attached, as of ....)
8. Outstanding amount of advances to be accounted for (4+5+6-7)

9. Total Expenditures reported for current reporting period, including this Application

<table>
<thead>
<tr>
<th>Applic No.</th>
<th>Amount</th>
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<tbody>
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</table>

Total (9)

10. Difference (if any) 9-8

Remarks

Approved by: