Financing Agreement

(Amending and Restating the Development Credit Agreement)

(Second National Urban Water Sector Reform Project)

between

FEDERAL REPUBLIC OF NIGERIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated September 9, 2013
CREDIT NUMBERS 4086-UNI and 5129-NG

FINANCING AGREEMENT
(Amending and Restating the Development Credit Agreement)

AGREEMENT dated September 9, 2013 entered into between the FEDERAL REPUBLIC OF NIGERIA (“Recipient”) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”).

WHEREAS (A) under an agreement dated July 15, 2005, as amended to date, between the Recipient and the Association (“Development Credit Agreement”), the Association agreed to provide the Recipient a credit (“Original Credit”) in an amount equivalent to one hundred thirty two million seven hundred thousand Special Drawing Rights (SDR 132,700,000) to assist in financing the project described in Schedule 2 to the Development Credit Agreement (“Original Project”);

(B) the Recipient has requested the Association to provide additional financing in support of activities related to the Original Project, by making available to the Recipient an additional credit (“Additional Credit”) in an amount in various currencies equivalent to seventy seven million five hundred thousand Special Drawing Rights (SDR 77,500,000);

(C) the Recipient has also requested Agence Française de Développement (“AFD” and “Co-financier”), to provide additional assistance towards the financing of Parts 1.1 (b), 1.2 (b) and 4.5 of the Project, and the Co-financier intends to make available a credit to the Recipient for such purpose in an amount equivalent to seventy seven million seven hundred thirty thousand Dollars ($77,730,000) (“Co-financing”), pursuant to the credit facility agreement to be entered into between the Recipient and the Co-financier (“Co-financing Agreement”); and

WHEREAS the Association has agreed, on the basis, inter alia, of the foregoing to extend such additional financing to the Recipient upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the Recipient and the Association hereby agree to amend and restate the Development Credit Agreement, with effect as of the Effective Date of this Agreement, to read 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 this Agreement have the meanings ascribed to them in the General Conditions or in the Preamble and 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 two hundred ten million two hundred thousand Special Drawing Rights (SDR 210,200,000) (variously, “Credit” and “Financing”) which consists of: (a) the Original Credit in an amount equivalent to one hundred thirty two million seven hundred thousand Special Drawing Rights (SDR 132,700,000); and (b) the Additional Credit in an amount equivalent to seventy seven million five hundred thousand Special Drawing Rights (SDR 77,500,000), 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: (a) May 1 and November 1 in each year in respect of the Original Credit; and (b) April 15 and October 15 in each year in respect of the Additional Credit.

2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.07. The Payment Currency is Dollar.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall: (a) carry out Parts 1.3, 2.3, 3.1, 3.3, 4.1, 4.2, and 4.3 of the Project through FMWR; and (b) cause the Participating States, through their respective SWAs, to carry out Parts 1.1, 1.2, 2.1, 2.2, 3.2, 3.4, 3.5, 4.4 and 4.5 of the Project, all 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 — REMEDIES OF THE ASSOCIATION

4.01. The Additional Event of Suspension is that any law or other act of the Recipient or the Participating States governing the establishment, organization, powers, financial structure and operation of any SWA has been amended, suspended, abrogated, repealed or waived so as to materially and adversely affect the future operations of the said SWA.

4.02. The Additional Event of Acceleration is that the event specified in Section 4.01 of this Agreement has occurred.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Conditions of Effectiveness consist of the following:

(a) The Recipient and each Participating State have executed a Subsidiary Credit Agreement in accordance with the provisions of Section I.C of Schedule 2 to this Agreement.

(b) The Co-financing Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.

(c) The Recipient has, through FMWR, updated the Project Implementation Manual for the purposes of the Additional Credit, in a manner satisfactory to the Association.

5.02. The Additional Legal Matter is that each Subsidiary Credit Agreement has been duly authorized or ratified by the Recipient and the respective Participating State and is legally binding upon the Recipient and the respective Participating State in accordance with its terms.

5.03. The Effectiveness Deadline is the one hundred eighty (180) days after the date of this Agreement.

5.04. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.
ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient's Representative is its Federal Minister responsible for finance.

6.02. The Recipient's Address is:

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

Facsimile: 234 9 6273609

6.03. 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 248423 (MCI) 1-202-477-6391
Washington, D.C.
AGREED at ___________, __________, as of the day and year first above written.

FEDERAL REPUBLIC OF NIGERIA

By: 

[Signature]

Authorized Representative

Name: DR. NGOZI OKONJO-IWEALA

COORDINATING MINISTER FOR THE ECONOMY AND HONORABLE MINISTER OF FINANCE

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: 

[Signature]

Authorized Representative

Name: MARIE FRANCOISE MARIE-MELLY

COUNTRY DIRECTOR

Title: ___________
SCHEDULE 1

Project Description

The objectives of the Project are to: (i) improve the reliability of water supply produced in the Participating States; (ii) increase access to piped water networks in Lagos State and in seven cities in Cross River State; and (iii) improve the commercial viability of urban water utilities in the Participating States.

The Project consists of the following parts:

Part 1. Rehabilitation and Network Expansion

1.1. Rehabilitation and expansion of the water supply system in Lagos State, including:

(a) Rehabilitation of the water intake facilities and treatment plants at Adiyans, Iju and Isashi.

(b) Rehabilitation and expansion of the water distribution network in Surulere and Victoria Island (to be financed by AFD).

(c) Rehabilitation and expansion of ground water treatment plants, the water distribution system's primary transmission main, and selected water transmission and distribution systems in Ikeja and Lagos Island.

(d) Strengthening of water distribution systems by establishment of a centralized operational system for monitoring and controlling water flows, water pressure and water allocation.

(e) Carrying out of feasibility studies and detailed engineering designs to update network analyses for individual service areas.

(f) Carrying out of water quality analysis, quality control, maintenance and other operational duties, including the provision of communication and information technology and other equipment for commercial operations.

1.2. Rehabilitation and expansion of the water system in Cross River State, including:

(a) Rehabilitation and expansion of the water supply network in Calabar, Ikom, Ogoja, Obudu and Itigidi, including improvements of the water intake facilities, water treatment plants, water storage, pumping, and transmission and distribution systems.

(b) Rehabilitation and expansion of the water supply network in Obubra and Okpoma, including improvements of the water intake facilities, water...
treatment plants, water storage, pumping, and transmission and distribution systems (to be financed by AFD).

(c) Carrying out of water quality analysis, quality control, maintenance and other operational duties, including the provision of communication and information technology and other equipment for commercial operations.

1.3. Carrying out of an assessment of the safety of Obudu dam in Cross River State, and carrying out of civil works for rehabilitation of the said dam.

Part 2. Public Private Partnership Development

2.1. Design and tender of, and payment of fees under, private sector operator contracts for the operation of water treatment plants in the Participating States.

2.2. Setting up and operation of a “help desk” for the distribution service area operators in the Participating States.

2.3. Carrying out of a program of specific activities to build the capacity of the public private partnerships unit of FMWR, and provision of transactional advisory services for developing public private partnership projects in the water sector.

Part 3. Project Management and Service Sustainability

3.1. Carrying out of the day to day administration, financial management and procurement of Project activities at the federal level, and overall coordination, monitoring and evaluation and audit of the Project.

3.2. Carrying out of the day to day administration, financial management, procurement and monitoring and evaluation of Project activities at the State level.

3.3. Carrying out of a program of specific activities to build the capacity of water utilities in the Participating States and other selected states of the Recipient to perform their functions effectively.

3.4. Operation of the water treatment plants in the Participating States, including pumping or storage of treated water, through the provision of electricity, chemicals, consumable spares and fuel to be used for such purposes.

3.5. Development and implementation of public communication programs in the Participating States to raise customer awareness of, and feedback on, the provision of water and sanitation services.
4. **Policy Reform and Institutional Development**

4.1. Development of a national training framework for water supply and sanitation, and carrying out of training and workshops in the Participating States based on such framework.

4.2. Development of national millennium development goal tracking capacity for water supply and sanitation.

4.3. Provision of technical assistance to the FMWR and FPIU in selected water sector technical, commercial and management areas.

4.4. Establishment and institutional capacity building of water services regulatory agencies in the Participating States.

4.5. Strengthening of the operations of the Lagos Water Corporation through an update of its asset register, carrying out of a water tariff study, enumeration of customers in the Lagos metropolitan area, carrying out of an organizational and management study of its business processes, and an upgrade of information technology equipment and software (to be financed by AFD).
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional and Implementation Arrangements

1. The Recipient shall, throughout the implementation of the Project: (a) maintain an FPHU within the FMWR; and (b) cause each Participating State to maintain an SPIU within its SWA, each with functions and resources satisfactory to the Association, and with staff in adequate numbers and with terms of reference, qualifications and experience satisfactory to the Association.

2. Without limitation to the provisions of paragraph 1 of this Part A, the FPRU and each SPIU shall be headed by a senior coordinator who shall manage an interdisciplinary staff comprising engineers, a procurement specialist, an accountant, an environmental and social specialist and such other qualified staff as may be required from time to time.

3. Without limitation to the provisions of paragraph 1 of this Part A: (a) the FPIU shall be responsible for: (i) the day-to-day implementation of the Recipient’s Respective Part of the Project; (ii) the overall financial management, monitoring, reporting, evaluation and audit of the Project; and (iii) serving as a resource and information help desk for the SPIUs, SWAs and state water regulatory agencies; and (b) each SPIU shall be responsible for the day-to-day implementation, including procurement, financial management, procurement and monitoring, reporting and evaluation of the Participating State’s Respective Part of the Project.

4. The Recipient shall: (a) carry out its Respective Part of the Project through FMWR, and shall also cause each Participating State to carry out its Respective Part of the Project through its SWA, in accordance with the arrangements and procedures set out in the PIM; provided, however, that in case of any conflict between the provisions of the PIM and of this Agreement, the provisions of this Agreement shall prevail; and (b) not amend, abrogate or waive, or permit to be amended, abrogated or waived, the PIM or any provision thereof, without prior approval in writing by the Association.

5. The Recipient shall: (a) prepare and furnish to the Association for its approval, not later than November 1 of each year during the implementation of the Project (or such later date as the Association may agree), an annual work plan and budget containing all eligible Project activities and expenditures planned for the following Recipient’s fiscal year, including a specification of the source or sources of financing for all eligible expenditures, and environmental and social
safeguard measures taken or planned to be taken in accordance with the provisions of Part B of this Schedule; (b) ensure that the Project is implemented in accordance with the annual work plans and budgets as approved by the Association for the respective Recipient's fiscal year; provided, however, that in case of any conflict between the annual work plans and budgets and the provisions of this Agreement, the provisions of this Agreement shall prevail; and (c) not make or allow to be made any change to any approved annual work plan and budget without prior approval in writing by the Association.

B. Environmental and Social Safeguards

1. The Recipient shall ensure that the Project is carried out in accordance with the provisions of the ESMF and the RPF.

2. The Recipient shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, the ESMF and the RPF or any provision thereof without prior approval in writing by the Association, subject to the same approval requirements as applicable to the adoption of the said instruments.

3. If an ESIA, ESMP and/or RAP would be required for any proposed Project activities on the basis of the ESMF and the RPF, the Recipient shall: (a) proceed to have said instrument prepared, furnished to the Association for review and approval, and thereafter adopted and disclosed prior to the implementation of such activities; (b) take all such measures as shall be necessary or appropriate to comply with the requirements of said instrument; and (c) not amend, abrogate or waive, or permit to be amended, abrogated or waived, said instrument or any provision thereof without prior approval in writing by the Association, subject to the same approval requirements as applicable to the adoption of the said instrument.

4. Without limitation to its other reporting obligations under this Agreement, the Recipient shall collect, compile and submit to the Association on a quarterly basis (or such other frequency as may be agreed with the Association) consolidated reports on the status of compliance with the ESMF, RPF, and ESIAs, ESMPs and RAPs, if any, giving details of: (a) measures taken in furtherance of the said instruments; (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the said instruments; and (c) remedial measures taken or required to be taken to address such conditions.

5. In order to ensure the safety of Obudu dam to be rehabilitated under Part 1.3 of the Project, the Recipient shall:

(a) ensure that engineering experts, with qualifications, experience, terms of reference and resources acceptable to the Association, remain responsible for reviewing the adequacy of the design, construction and/or
rehabilitation of said dam and its associated structures, and for inspecting said dam and structures periodically;

(b) ensure that said engineering experts shall, on the basis of guidelines acceptable to the Association: (i) undertake periodic reviews of said dam and its associated structures and their design, throughout the period of design, construction and/or rehabilitation thereof; (ii) prepare and furnish to the Association upon completion of each said review, a report on the results of said review, together with any proposed changes to be introduced in the construction or rehabilitation of said dam or its associated structures; and (iii) promptly introduce such changes, taking into account the comments of the Association on the matter; and

(c) (i) with the assistance of independent engineering experts whose qualifications and experience shall be agreed with the Association, ensure that: (A) said dam (including waterways, earthworks and reservoir banks) and its associated structures shall be periodically inspected, in accordance with sound engineering and dam safety practices and under arrangements agreed with the Association, in order to identify any deficiencies in the condition of said dam and its associated structures, or in the quality and adequacy of their maintenance or methods of operation, which may endanger their safety; (B) the results of each such inspection, together with the recommendations of said engineering experts based on said inspection, shall be furnished to the Association promptly upon the completion of such inspection; and (C) all necessary repairs of said dam and its associated structures, modifications to the maintenance or method of operation of the same and other measures based on said recommendations and the comments of the Association thereon shall be promptly taken in order to rectify any such deficiencies; and (ii) to this end, implement a program for the appropriate maintenance, operation and inspection of said dam and its associated structures, in a manner satisfactory to the Association.

C. Subsidiary Credit Agreement

1. The Recipient shall make the proceeds of the Financing allocated from time to time to each Participating State under the Categories set forth in the table in Section IV.A.2 of this Schedule available to each such Participating State under a subsidiary credit agreement between the Recipient and each Participating State, under terms and conditions approved by the Association.

2. The Recipient shall exercise its rights and perform its obligations under each Subsidiary Credit Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign,
amend, abrogate or waive any Subsidiary Credit Agreement or any of its provisions.

D. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Recipient shall, through FMWR, ensure that the Project is monitored and evaluated and that Project Reports are prepared in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association and set out in the PIM. Each Project Report shall cover the period of one calendar year, and shall be furnished to the Association not later than one month after the end of the period covered by such report.

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 not later than 45 days after the end of each calendar quarter, interim unaudited 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, commencing with the fiscal year in which the first withdrawal under the Preparation Advances was made. 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 Section.
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 Section.

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 Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the 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 methods of procurement, other than International Competitive Bidding, may be used for goods and works in the circumstances specified in the Procurement Plan: (a) National Competitive Bidding; (b) Shopping; and (c) Force Account.

**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 methods of procurement, other than Quality- and Cost-based Selection, may be used for consultants’ services in the circumstances specified in the Procurement Plan: (a) Least Cost Selection; (b) Selection Based on Consultants Qualifications; (c) Single Source Selection of consulting firms; (d) Competitive Procedures for the Selection of Individual Consultants; and (e) Sole Source Procedures for the Selection of Individual Consultants.

**D. Review by the Association of Procurement Decisions**

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 Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), 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, 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:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Original Credit Allocated (Expressed in SDR)</th>
<th>Amount of the Additional Credit Allocated (Expressed in SDR)</th>
<th>% of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Works</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) FSA</td>
<td>4,820,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(b) SSAs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i) Lagos</td>
<td>68,090,000</td>
<td>52,700,000</td>
<td>100%</td>
</tr>
<tr>
<td>(ii) Cross River</td>
<td>25,055,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2) Goods</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) FSA</td>
<td>640,000</td>
<td>3,600,000</td>
<td>100%</td>
</tr>
<tr>
<td>(b) SSAs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i) Lagos</td>
<td>3,210,000</td>
<td>300,000</td>
<td></td>
</tr>
<tr>
<td>(ii) Cross River</td>
<td>2,250,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(3) Consultants’ services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) FSA</td>
<td>2,890,000</td>
<td>7,800,000</td>
<td>100%</td>
</tr>
<tr>
<td>(b) SSAs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i) Lagos</td>
<td>10,600,000</td>
<td>4,700,000</td>
<td></td>
</tr>
<tr>
<td>(ii) Cross River</td>
<td>3,855,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(4) Training, Study Tours and Workshops</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) FSA</td>
<td>385,000</td>
<td>900,000</td>
<td>100%</td>
</tr>
<tr>
<td>(b) SSAs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i) Lagos</td>
<td>965,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
(ii) Cross River  | 1,030,000  | 300,000  | 100%
---|---|---|---
(5) Incremental Operating Costs (a) FSA  | 900,000  | 700,000  | 100%
(b) SSAs (i) Lagos (ii) Cross River  | 1,160,000  | 900,000  | 300,000  | 100%
(6) Critical Treatment Plant Inputs (a) Lagos (b) Cross River  | 3,200,000  | 1,930,000  | Amount payable pursuant to Section 2.07 of the General Conditions
(7) Refunding of Preparation Advances  | 180,500  |  |  |
(8) Unallocated  | 639,500  | 6,200,000  |  |
TOTAL  | 132,700,000  | 77,500,000  |  |

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made:

   (a) prior to the date of the Development Credit Agreement, with respect to amounts of the Original Credit;

   (b) prior to the date of this Agreement, with respect to amounts of the Additional Credit, except that withdrawals of the proceeds of the Additional Credit up to an aggregate amount not to exceed $4,000,000 equivalent may be made for payments for Eligible Expenditures made not more than twelve (12) months prior to the date of this Agreement; and

   (c) in respect of any expenditures to be financed by AFD under Parts 1.1 (b), 1.2 (b) and 4.5 of the Project.

2. The Closing Date is May 31, 2016.
SCHEDULE 3

Repayment Schedule

I. Repayment of the Original Credit

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each May 1 and November 1:</td>
<td></td>
</tr>
<tr>
<td>commencing November 1, 2015 to and including May 1, 2025</td>
<td>1%</td>
</tr>
<tr>
<td>commencing November 1, 2025 to and including May 1, 2045</td>
<td>2%</td>
</tr>
</tbody>
</table>

II. Repayment of the Additional Credit

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each April 15 and October 15:</td>
<td></td>
</tr>
<tr>
<td>commencing October 15, 2022 to and including April 15, 2032</td>
<td>1%</td>
</tr>
<tr>
<td>commencing October 15, 2032 to and including April 15, 2052</td>
<td>2%</td>
</tr>
</tbody>
</table>

* 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

Section I. Definitions


2. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


4. “Critical Treatment Plant Inputs” means recurrent costs expended by or on behalf of an SWA in a Participating State under Part 3.4 of the Project, including electricity, chemicals, consumable spares and diesel fuel costing not more than $2,000 equivalent per month, for the purposes of operating water treatment plants and for pumping or storage of treated water.

5. “Cross River State Water Board Limited” means a company limited by shares, registered under Certificate No. 281.169 pursuant to the Recipient’s Companies and Allied Matters Act of 2004.

6. “Displaced Persons” means any persons who, on account of the execution of the Project, have experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such persons must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such persons.

7. “ESIA” means any environmental and social impact assessment, acceptable to the Association and consistent with the ESMF, as may be prepared by the Recipient for the purposes of the Project pursuant to Section I.B.3 of Schedule 2 to this Agreement, which gives details of potential environmental, physical cultural property and social risks and adverse impacts associated with any Project activities, together with an environmental and social management plan defining measures to manage such risks and impacts, including any schedules to such assessment, and as such assessment may be amended by the Recipient from time to time, with the prior written approval of the Association in accordance with
Section I.B of Schedule 2 to this Agreement; and “ESIAs” means, collectively, all such assessments.

8. “ESMF” means the Environmental and Social Management Framework prepared and adopted by the Recipient, dated April 2005, defining the set of mitigation, enhancement, monitoring, and institutional measures to be taken during implementation of the Project to eliminate any adverse environmental and social impacts, offset them, reduce them to acceptable levels, or to enhance positive impacts of the Project activities, as such framework may be amended by the Recipient from time to time, with the prior written approval of the Association in accordance with Section I.B of Schedule 2 to this Agreement.

9. “ESMP” means any environmental management plan, acceptable to the Association and consistent with the ESMF, as may be adopted by the Recipient for the purposes of the Project pursuant to Section I.B.3 of Schedule 2 to this Agreement, which gives details of the specific actions, measures and policies designed to facilitate the achievement of the objectives of the ESMF under the Project, along with the procedural and institutional measures needed to implement such actions, measures and policies, including any schedules to such plan, and as such plan may be amended by the Recipient from time to time, with the prior written approval of the Association in accordance with Section I.B of Schedule 2 to this Agreement; and “ESMPs” means, collectively, all such plans.

10. “FMWR” means the Recipient’s Federal Ministry of Water Resources or any successor thereto.

11. “FPIU” means the Federal project implementation unit maintained by the FMWR for the purposes of facilitating the implementation of the Project in accordance with Section I.A.1 Schedule 2 of this Agreement.

12. “FSA” means the Federal Special Account referred to in Part B.1 of Schedule 1 to the Development Credit Agreement.

13. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010, with the modification set forth in Section II of this Appendix.

14. “Incremental Operating Costs” means the reasonable incremental expenses incurred by the FPIU and each SPIU on account of Project implementation, management and monitoring, including office space rental and utilities, office supplies, banking charges, advertising expenditures, communications, vehicle operation, maintenance and insurance, office and equipment maintenance costs, travel and supervision costs, and salaries of supporting staff, but excluding salaries of consultants and officials of the Recipient’s and the Participating States’ civil service.
15. "Lagos Water Corporation" means the corporation established pursuant to Lagos State’s Law No. 24 of 2004.

16. "Participating State" means Lagos State or Cross River State of the Recipient; and "Participating States" means, collectively, both such states.

17. "Preparation Advances" means each advance referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to two letter agreements, the first signed on behalf of the Association on April 21, 2004 and on behalf of the Recipient on May 14, 2004; and the second signed on behalf of the Association on March 22, 2005 and on behalf of the Recipient on April 11, 2005.


19. "Procurement Plan" means the Recipient’s procurement plan dated May 14, 2012, referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

20. "Project Implementation Manual" or "PIM" means manual adopted by the Recipient for the purposes of the Project, containing details of financial and accounting procedures, procurement arrangements, environmental and social monitoring and mitigation arrangements, and other administrative and organizational arrangements, as shall have been approved by the Association for purposes of Project implementation, as the same may be amended from time to time with the prior written approval of the Association, and such term includes any schedules to the PIM.

21. "RAP" means any resettlement action plan acceptable to the Association and consistent with the RPF, as may be adopted by the Recipient for the purposes of the Project pursuant to Section I.B.3 of Schedule 2 to this Agreement, which contains, inter alia, a program of actions, measures and policies for compensation and resettlement of any Displaced Persons, including the magnitude of displacement, compensation and resettlement arrangements, budget and cost estimates, and sources of funding, together with adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with its terms, including any schedules to such plan, and as such plan may be amended by the Recipient from time to time, with the prior written approval of the Association in accordance with Section I.B of Schedule 2 to this Agreement; and "RAPs" means, collectively, all such plans.
22. "RPF" means the Resettlement Policy Framework prepared and adopted by the Recipient, dated April 2005, which sets out a framework of principles and procedures governing acquisition of rights to land, resettlement of Displaced Persons and compensation thereto, as well as reporting and monitoring arrangements to ensure compliance with the said framework, as the said framework may be revised by the Recipient from time to time with the prior written approval of the Association in accordance with Section I.B of Schedule 2 to this Agreement.

23. "SPIU" means the State project implementation unit maintained by, respectively, the Lagos Water Corporation and the Cross River State Water Board Limited for the purposes of facilitating the implementation of the Participating States' Respective Part of the Project in accordance with Section I.A.1 of Schedule 2 this Agreement.

24. "SSAs" means the State Special Accounts referred to in Part B.1 of Schedule 1 to the Development Credit Agreement.

25. "SWA" means a State water authority including, as the context requires, the Cross River State Water Board Limited, the Lagos Water Corporation, or any other water utility in any other state in the Recipient's territory, and any successor thereto; and "SWAs" means, as the context requires, all such entities.

26. "Subsidiary Credit Agreement" means the agreement referred to in Section 1.C of Schedule 2 to this Agreement pursuant to which the Recipient shall make part of the proceeds of the Financing available to a Participating State.

27. "Training, Study Tours and Workshops" means the reasonable costs of goods and services associated with the participation of personnel involved in Project supported training activities, workshops and study tours, including travel and subsistence costs for training, workshop and study tour participants, costs associated with securing the services of trainers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training course, workshop or study tour preparation and implementation.

Section II. Modification to the General Conditions

The modification to the General Conditions is as follows:

Section 3.01 (b) of the General Conditions is modified to read as follows:

"(b) The Commitment Charge shall accrue from a date sixty days after: (i) the date of the Development Credit Agreement with respect to the unwithdrawn balance of the Original Credit; and (ii) the date of the Financing Agreement
(Amending and Restating the Development Credit Agreement) with respect to the unwithdrawn balance of the Additional Credit, to the respective dates on which amounts are withdrawn by the Recipient from the Financing Account or cancelled. The Commitment Charge shall accrue at the rate set as of the June 30 immediately preceding the accrual date and at such other rate as may be set from time to time thereafter pursuant to this Section. The rate set as of June 30 in each year shall be applied from the next Payment Date in that year. The Commitment Charge shall be payable semi-annually in arrears on each Payment Date. The Commitment Charge shall be computed on the basis of a 360-day year of twelve 30-day months.)"