Financing Agreement

(Third National Urban Water Sector Reform Project)

between

FEDERAL REPUBLIC OF NIGERIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated November 7, 2014
FINANCING AGREEMENT

AGREEMENT dated November 7, 2014, entered into between FEDERAL REPUBLIC OF NIGERIA ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to one hundred sixty one million six hundred thousand Special Drawing Rights (SDR 161,600,000) (variously, "Credit" and "Financing"), 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. The Recipient's Representative for purposes of taking any action required or permitted to be taken pursuant to this Section is Permanent Secretary or Director (International Economic Relations Department) or Deputy Director (International Economic Relations Department) in the Federal Ministry of Finance.

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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to one and a quarter percent (1.25 %) per annum.

2.06. The Payment Dates are May 1 and November 1 in each year.
2.07. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.08. The Payment Currency is Dollar.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall: (a) cause Part 1 of the Project to be carried out by the Selected States in their respective jurisdictions; and (b) carry out Parts 2 and 3 of the Project, through the Federal Ministry of Water Resources, 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 Selected or 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) Subsidiary Agreement has been executed on behalf of the Recipient and at least one Selected State in accordance with the provisions of Section I.B of Schedule 2 to this Agreement and the same state has established its State Project Implementation Unit (or set up other Project implementation institutional arrangements), in form and substance satisfactory to the Association, including with composition set forth in Section I.A.3 of Schedule 2 to this Agreement.

(b) The Recipient, through the Federal Ministry of Water Resources, has adopted the Project Implementation Manual, in form and substance satisfactory to the Association.
5.02. The Additional Legal Matter is that the Subsidiary Agreement, referred to in Section 5.01 (a) of this Agreement, has been duly authorized or ratified by the Recipient and Selected State and is legally binding upon the Recipient and the Selected State in accordance with its terms.

5.03. The Effectiveness Deadline is the date one hundred and twenty (120) 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 years after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient’s Representative is its Federal Minister at the time responsible for finance.

6.02. The Recipient’s Address is:

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

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

6.03. The Association’s Address is:

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

Cable: INDEVAS  
Telex: 248423 (MCI)  
Facsimile: 1-202-477-6391  
Washington, D.C.
AGREED at Abuja, Nigeria, as of the day and year first above written.

FEDERAL REPUBLIC OF NIGERIA

By

[Signature]
Authorized Representative

Name: Dr. Ngozi Okonjo-Iweala
Title: Minister of Finance

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]
Authorized Representative

Name: Marie Francouze Marie-Nelly
Title: Country Director
SCHEDULE 1

Project Description

The objectives of the Project are: (a) to increase access to improved water supply service in Selected States of Nigeria and improve the financial viability of existing water utilities in those states; and (b) to increase the investment planning capacity of Participating States.

The Project consists of the following parts:

Part 1: Sector Reforms and Water Supply Investments

(a) Rehabilitation and expansion of water production, supply and distribution facilities in select cities and urban centers of Selected States including implementation of actions and measures provided in the Dam Safety Review Report; (b) carrying out of a program to support consolidation of water sector institutional and regulatory reforms and improve sector performance, such a program to include such activities as: establishment and elaboration of respective legal and regulatory frameworks, carrying out marketing communication programs, and review of technical and commercial cadastral information databases.

Part 2: Water Sector Governance, Institutional Strengthening and Human Capital Development

Carrying out a program of activities designed to support institutional and regulatory reforms of water sector at State level in Participating States such a program to consist of *inter alia* the following activities: (a) preparation of water sector investment plans, (b) formulation of water policy and preparation of legal and regulatory framework related to the provision of water services; (c) development of sector information and data banks, including customers enumeration (cadaster); (d) development of urban water supply master-plan; (e) improvement of utilities’ financial management and accounting systems; (f) revenue billing and collection; (g) tariff reform; (h) reduction of non-revenue water including through the use of metering; and (i) strategic training for staff of State Water Agencies.

Part 3: Sector wide Improvement and Project Management at the Federal Level

31. Carrying out a program of activities designed to strengthen the capacity of the Federal Government to manage the water sector, collect data and support and monitor the water sector reform process and utility performance, such a program to consist of such activities as: (a) carrying out of a study to identify suitable sector financing model that will facilitate transparent and efficient transfer of resources from federal level to state level; (b) support to Federal Ministry of Water Resources to enable it maintain and update its monitoring database on States’ performance in water sector and track provision
of water supply and sanitation services nationwide, including promoting monitoring tools to track the impact of sector interventions on the poor, vulnerable populations and by gender.

3.2. Carrying out of specific activities to assist the Federal Ministry of Water Resources to carry out the overall coordination, management, and audit of the Project.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

Institutional Arrangements at the Federal Level

1. Federal Project Management Unit

   (a) The Recipient shall, throughout the implementation of the Project, maintain a Federal Project Management Unit within the Federal Ministry of Water Resources 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.

   (b) Without limitation to the provisions of sub-paragraph (a) of this Part A.1, the Federal Project Management Unit shall be responsible for, inter alia: (i) coordinating the overall Project implementation; and (ii) implementing Parts 2 and 3 of the Project.

2. Federal Project Financial Management Division

   (a) The Recipient shall dedicate and retain throughout the implementation of the Project staff from the accounting unit of FPFMD, in adequate numbers and with qualifications and terms of reference satisfactory to the Association, to be responsible for the financial management of the Project in accordance with the provisions of this Agreement including, but not limited to the preparation of budgets, monthly reports, interim unaudited financial reports, and annual financial statements.

   (b) The Recipient shall dedicate and retain throughout the implementation of the Project staff from the internal audit unit of the FPFMD, in adequate numbers and with qualifications and terms of reference satisfactory to the Association, to perform internal audit functions for the purposes of Parts 2 and 3 of the Project including, but not limited to the application and reliability of managerial, financial, operational and budgetary controls

Institutional Arrangements at the State Level

3. State Project Implementation Units, State Project Financial Management Units

   (a) The Recipient shall, throughout the implementation of the Project, cause each Selected State to designate and maintain a State Project
Implementation Unit, 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 (State Project Implementation Unit or SPIU).

(b) Without limitation to the provisions of sub-paragraph (a) of this Part A.3, each SPIU shall be composed of a project coordinator (manager), and specialists for financial management, procurement, environmental and social safeguards, monitoring and evaluation and communication.

(c) The Recipient shall cause each Selected State (other than Rivers State) to dedicate and retain, throughout the implementation of the Project, staff from the accounting and internal audit units of its SPFMU, in adequate numbers and with qualifications, experience and terms of reference satisfactory to the Association, to be responsible for the financial management of the Selected State’s Respective Part of the Project in accordance with the provisions of this Agreement including, but not limited to the preparation of budgets, monthly reports, interim unaudited financial reports, and annual financial statements.

B. Subsidiary Agreement

1. To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Financing allocated from time to time to Category (1) of the table set forth in Section IV.A.2 of this Schedule available to each Selected State under a subsidiary agreement between the Recipient and each Selected State, under terms and conditions approved by the Association (“Subsidiary Agreement”), which shall include, inter alia:

(a) (i) the principal amount of the financing allocated to the respective Selected State (“Subsidiary Financing”) shall be the equivalent in terms of SDR of the amount withdrawn under this Agreement (determined as of the date or dates of withdrawal from the Financing Account) with respect to such Selected State; (ii) such principal amount shall be repayable on the same terms and conditions specified in this Agreement for the repayment of the Credit;

(b) the Recipient shall obtain rights adequate to protect its interests and those of the Association, including the right to: (i) suspend or terminate the right of the Selected State to use the proceeds of the Subsidiary Financing, or declare to be immediately due and payable or obtain a refund of all or any part of the amount of the Subsidiary Financing then withdrawn, upon the Selected State’s failure to perform any of its obligations under the Subsidiary Agreement; and (ii) require each Selected State to: (A) carry out its Respective Part of the Project with
due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of this Agreement, including the ESMF, RPF and relevant Safeguard Documents, the PIM, and the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient; (B) provide, promptly as needed, the resources required for the purpose; (C) ensure that any goods, works and services to be financed out of the Subsidiary Financing are procured in accordance with the provisions of this Agreement; (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of its Respective Parts of the Project and the achievement of the objective of the Project; (E) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to its Respective Parts of the Project; and (2) have such financial statements audited annually by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association, but in any event not later than 6 months after the end of each Fiscal Year; (F) enable the Recipient and the Association to inspect the Selected State’s Respective Parts of the Project, its operation and any relevant records and documents; (G) permit the Association to make the Subsidiary Agreement and all financial statements audited pursuant to sub-paragraph (E) above available to the public in accordance with the Association’s policies on access to information; and (H) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.

2. The Recipient shall exercise its rights and perform its obligations under the Subsidiary 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 and the Recipient shall otherwise agree in writing, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

C. Anti-Corruption

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

1. The Recipient shall prepare and adopt, and cause each Selected State to adopt, a Project implementation manual in form and substance satisfactory to the Association, containing detailed arrangements and procedures for implementation of the Project including *inter alia*: (a) definition of role and responsibility of various entities, institutions and agencies involved in Project implementation and their coordination; (b) disbursement, procurement and financial management including financial audit of the Project; (c) environmental and social safeguards arrangement and procedures; (d) monitoring and evaluation, reporting and communication, including performance indicators; (e) a capacity building program for designated Project implementation staff at federal, state and local levels; and (f) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project.

2. The Recipient shall: (a) furnish to and exchange views with the Association on such manual promptly upon its preparation; and (b) thereafter adopt such manual as shall have been approved by the Association (Project Implementation Manual).

3. The Recipient shall ensure - and shall cause each Selected State to ensure that the Project is carried out in accordance with the arrangements and procedures set out in the PIM (provided, however, that in case of any conflict between the arrangements and procedures set out in the PIM and the provisions of this Agreement, the provisions of this Agreement shall prevail), and shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, the PIM or any of its provisions without prior approval in writing by the Association.

E. Safeguards

1. The Recipient shall ensure that the Project is carried out in accordance with the provisions of the ESMF, the RPF and any other Safeguard Document prepared or to be prepared by the Recipient in accordance with sub-paragraph 2 below.

2. Whenever a Safeguard Document shall be required for any proposed Project activity in accordance with the provisions of the ESMF and/or the RPF, the Recipient shall:

(a) prior to the commencement of such activity, proceed to have such Safeguard Document: (i) prepared in accordance with the provisions of the ESMF and the RPF, as the case may be; (ii) furnished to the Association for review and approval; and (iii) thereafter adopted and disclosed as approved by the Association, in a manner acceptable to the Association; and
(b) thereafter take such measures as shall be necessary or appropriate to ensure compliance with the requirements of such Safeguard Document; and

(c) in the case of any resettlement activity under the Project involving Affected Persons, ensure that no displacement (including restriction of access to legally designated parks and protected areas) shall occur before necessary resettlement measures consistent with the relevant RAP have been executed, including, in the case of displacement, full payment to Affected Persons of compensation and of other assistance required for relocation, prior to displacement.

3. The Recipient shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, the ESMF, the RPF and any Safeguard Document adopted or to be adopted in accordance with the provisions of paragraph 2 of this Part F, unless the Association has provided its prior approval thereof in writing, and the Recipient has complied with the same consultation and disclosure requirements as applicable to the original adoption of the said instruments.

4. Safety of dams. In order to ensure the safety and integrity of Dams the Recipient shall implement the immediate, short-term and long-term remedial and maintenance actions proposed in the Dam Safety Review Report in a manner and substance satisfactory to the Association.

5. Without limitation on its other reporting obligations under this Agreement, the Recipient shall collect, compile and submit to the Association each calendar semester (or at such other frequency as may be agreed with the Association) consolidated reports on the status of compliance with the ESMF, RPF, and the Safeguard Documents, as applicable - as well as the status of implementation of the Dam Safety Review Report - giving details of: (a) measures taken in furtherance of the said instruments and implementation of said report; (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the said measures; and (c) remedial measures taken or required to be taken to address such conditions.

F. Annual Work Plans and Budgets

1. The Recipient, through the Federal Ministry of Finance, shall prepare and furnish to the Association not later than November 1 of each year during the implementation of the Project (or such later date as the Association may agree) for the Association’s approval, a consolidated annual work plan and budget containing all eligible Project activities and expenditures at the federal and state levels proposed to be included in the Project for the following Fiscal Year, including: (a) environmental and social safeguard measures taken or planned to be taken in accordance with the provisions of Part E of this Schedule; (b) a
training plan and (c) the amount, allocation and schedule of disbursement of federal and Selected States’ counterpart funds required for the financing of: (i) any environmental and social safeguard measures required pursuant to any Safeguard Document; (ii) the Selected State’s share of expenditures under Category (1) in the table in Section IV.A.2 of this Schedule; and (iii) any other activities and expenditures required for the efficient implementation of the Project in accordance with this Agreement.

2. The Recipient shall ensure that the Project is implemented in accordance with the Annual Work Plans and Budgets approved by the Association for the respective Fiscal Year, and shall ensure that the Recipient’s and Selected States’ counterpart funds required for the Project and specified in the Annual Work Plans and Budgets are duly committed and promptly paid as and when required for the purposes of the Project; 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.

3. The Recipient shall not make or allow to be made any change to the Annual Work Plans and Budgets without prior approval in writing by the Association.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association and set out in the Project Implementation Manual. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than forty five (45) days 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 forty-five (45) days after the end of each calendar semester, interim unaudited financial reports for the Project covering the semester, 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 was made under the Project. 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.

4. The Recipient shall: (a) not later than nine (9) months after the Effective Date, install – or cause to be installed – a computerized financial management system for the Project; and (b) cause each Selected State, not later than nine (9) months after the date of its Subsidiary Agreement with the Recipient, to install a computerized financial management system for its Respective Part of the Project; all in a manner acceptable to the Association.

5. The Recipient shall, not later than three (3) months after the Effective Date, appoint the independent auditors referred to in Section 4.09 (b) of the General Conditions, in accordance with the provisions of Section III of this Schedule, with qualifications, experience and terms of reference satisfactory to the Association.

6. The Recipient shall, not later than three (3) months after the Effective Date, ensure that the training on risk-based internal auditor is provided to Project internal auditor in form and substance satisfactory to the Association.

Section III. Procurement

A. General

1. Goods, Works and Non-consulting Services. All goods, works, and non-consulting 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 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, Works and Non-consulting Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding; (b) Direct Contracting; and (c) Shopping.

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, other than Quality and Cost-based Selection, may be used for procurement of consultants’ services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Single-source procedures for the Selection of Individual Consultants; (c) Least Cost Selection; (d) Selection based on Consultants’ Qualifications; (e) Single-source Selection of consulting firms; and (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines 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.

E. Other Procurement Covenants. The Recipient shall, not later than three (3) months after the Effective Date: (a) establish a procurement records management system and train the staff of SWAs of Bauchi, Ekiti and Rivers in records management; and (b) organize contract administration training for procurement staff of Federal Project Implementation Unit, with specifications and in a manner satisfactory to 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 ("Category"), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Financing Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consultants’ services, Operating Costs and Training under Part 1 of the Project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1) a Bauchi State</td>
<td>42,000,000</td>
<td>90%</td>
</tr>
<tr>
<td>(1) b Ekiti State</td>
<td>32,400,000</td>
<td></td>
</tr>
<tr>
<td>(1) c Rivers State</td>
<td>51,700,000</td>
<td></td>
</tr>
<tr>
<td>(2) Goods, non-consulting services, consultants’ services, Operating Costs and Training under Parts 2 and 3 of the Project</td>
<td>22,600,000</td>
<td>90%</td>
</tr>
<tr>
<td>(3) Unallocated</td>
<td>12,900,000</td>
<td></td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>161,600,000</td>
<td></td>
</tr>
</tbody>
</table>
B. Withdrawal Conditions; Withdrawal Period

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

   (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed equivalent of SDR 7,500,000 may be made for payments made prior to this date but on or after twelve (12) months prior to the date of this Agreement, for Eligible Expenditures; or

   (b) under Category (1) for payments to any Selected State, other than that referred to in Article 5.01 (a) of this Agreement, unless and until: (i) the respective Selected State has entered into a Subsidiary Agreement with the Recipient; and (ii) the respective Selected State has established its State Project Implementation Unit (or set up other Project implementation institutional arrangements), in form and substance satisfactory to the Association, including with composition set forth in Section I.A.3 of Schedule 2 to this Agreement.

2. The Closing Date is June 30, 2020.
### SCHEDULE 3

**Repayment Schedule**

<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 May 1, 2019 to and including November 1, 2028</td>
<td>1.65%</td>
</tr>
<tr>
<td>commencing May 1, 2029 to and including November 1, 2038</td>
<td>3.35%</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

1. "Affected Persons" means any person who, on account of the execution of the Project, has 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 person must move to another location; or (b) the involuntary restriction or access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person.

2. "Annual Work Plan and Budget" means each annual work plan, together with the related budget, for the Project approved by the Association pursuant to the provisions of Section I.F of Schedule 2 to this Agreement.


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


6. "Dams" means Ero, Itapaji, Egbe and Ureje dams in Ekiti State and at the Gubi dam in Bauchi State which feed water supply schemes in the said states.

7. "Dam Safety Review Report" means the report dated June 14, 2013 prepared by an independent expert with qualifications and terms of reference satisfactory to the Association, on matters relative to the safety and integrity of Dams.

8. "ESIA" or "Environmental and Social Impact Assessment" means an environmental and social impact assessment prepared by the Recipient in accordance with the ESMF pursuant to Section I.D of Schedule 2 to this Agreement, including the Environmental and Social Impact Assessment for Rivers State whose report is dated September 13, 2013 and was disclosed on infoshop on September 17, 2013 and "ESIAs" means, collectively, all such assessments.
9. “ESMF” means the Recipient’s environmental and social management framework document - dated June 2013 and disclosed on infoshop on September 17, 2013 - setting forth the modalities for environmental screening and procedures/actions for the preparation and implementation of environmental and social assessments and management plans under the Project, and such term includes any schedule and/or annex to said framework.

10. “ESMP” means, for a given Project activity, an environmental and social management plan prepared by the Recipient in accordance with the ESMF pursuant to Section I.D of Schedule 2 to this Agreement; and “ESMPs” means, collectively, all such plans.

11. “Fiscal Year” means the Recipient’s fiscal year commencing January 1 and ending December 31 in each year.


14. “Federal Ministry of Water Resources” and acronym “FMWR” mean the Recipient’s ministry responsible for water resources and any successor thereto.

15. “Federal Project Management Unit” means the unit to be maintained by the Recipient in accordance with the provisions of Section I.A.1 of Schedule 2 to this Agreement.

16. “FPFMD” means the federal project financial management division of the Recipient’s Office of the Accountant General, and any successor thereto, referred to in Section I.A.2 of Schedule 2 to this Agreement.

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

18. “LGA” means a local government authority established and operating in the territory of each Participating State pursuant to the laws of the Recipient; and “LGAs” means, collectively, all such local government authorities.

19. “Project Financial Management Unit” and the acronym “PFMU” mean the state project financial management unit - referred to in Section I.A.3(c) of Schedule 2 to this Agreement - established within each Participating State’s Office of the State Accountant General and any successor thereto.
20. "Operating Costs" means the reasonable incremental expenses incurred by the FPMU 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.

21. "Participating State" means each of the Recipient’s States of Kano, Gombe, Benue, Jigawa, Ondo, Abia, Bayelsa, Anambra and Plateau or any state of the Recipient as agreed by the Bank; and the term "Participating States" means, collectively, all such states.


23. "Procurement Plan" means the Recipient’s procurement plan for the Project, dated March 11, 2014 and 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.

24. "Project Implementation Manual" or "PIM" means the manual referred to in Section I.D.2 of Schedule 2 to this Agreement as the same may be amended from time to time with the prior written agreement of the Association.

25. "RAP" means the resettlement action plan, in form and substance satisfactory to the Association, prepared or to be prepared by the Recipient on the basis of the RPF (one or more such instrument has been prepared and disclosed in country and the InfoShop on September 16, 2013), and giving details of the specific actions, measures and policies designed to facilitate the achievement of the objectives of the RPF, along with procedural and institutional measures needed to implement such actions, measures and policies.

26. "RPF" means the Recipient’s resettlement policy framework document - dated June 2013 and disclosed on InfoShop on September 17, 2013 - setting forth the modalities for the compensation, resettlement and rehabilitation of Affected Persons, acceptable to the Association, and such term includes any schedules and/or annexes to said framework.

27. "Safeguard Documents" means collectively or individually the ESMPs, ESIAs, RAPs prepared in connection with the Project, if any.
28. **“Selected State”** means each of the Recipient’s States of Bauchi, Ekiti or Rivers, or any state of the Recipient as agreed by the Bank and the term “Selected States” means, collectively, all such states.

29. **“State Project Implementation Unit”** means the unit to be maintained by the Selected State in accordance with the provisions of Section I.A.3(a) of Schedule 2 to this Agreement.

30. **“State Water Agency”** or **“SWA”** means the agency of Participating or Selected State established under the laws of respective State and charged with responsibility of providing potable water supply to urban and/or rural population in the state - and the term includes, as the context requires, the Port Harcourt water corporation in Rivers State, Ekiti State water corporation and Bauchi State water board - and any successor thereto; and “SWAs” means, as the context requires, all such entities.

31. **“Subsidiary Agreement”** means each of the agreements referred to in Section I.B of Schedule 2 to this Agreement pursuant to which the Recipient shall make part of the proceeds of the Financing available to each Selected State, as the same may be amended from time to time with the prior written consent of the Association, and such term includes all schedules to such Subsidiary Agreement.

32. **“Training”** means the reasonable costs of goods and services required for the participation of personnel involved in training activities, workshops and study tours under the Project, 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, but excluding salaries of consultants.
Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

1. Section 3.02 is modified to read as follows:

“Section 3.02. Service Charge and Interest Charge

(a) Service Charge. The Recipient shall pay the Association a service charge on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. The Service Charge shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Service Charges shall be computed on the basis of a 360-day year of twelve 30-day months.

(b) Interest Charge. The Recipient shall pay the Association interest on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. Interest shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.”

2. Paragraph 28 of the Appendix (“Financing Payment”) is modified by inserting the words “the Interest Charge” between the words “the Service Charge” and “the Commitment Charge”.

3. The Appendix is modified by inserting a new paragraph 32 with the following definition of “Interest Charge”, and renumbering the remaining paragraphs accordingly:

“32. “Interest Charge” means the interest charge specified in the Financing Agreement for the purpose of Section 3.02(b).”

4. Renumbered paragraph 37 (originally paragraph 36) of the Appendix (“Payment Date”) is modified by inserting the words “Interest Charges” between the words “Service Charges” and “Commitment Charges”.

5. Renumbered paragraph 50 (originally paragraph 49) of the Appendix (“Service Charge”) is modified by replacing the reference to Section 3.02 with Section 3.02 (a).