May 14, 2015

Dr. Ngozi Okonjo-Iweala  
Minister of Finance,  
Federal Ministry of Finance  
Finance Building  
Central Business Area  
Abuja  
Nigeria

Excellency,

Re: Nigeria: Credit Number 5416- NG  
Nigeria Third National Urban Water Sector Reform Project  
First Revised Disbursement Letter dated November 7, 2014  
Additional Instructions: Disbursement

I refer to the Financing Agreement ("Agreement") between the Federal Republic of Nigeria ("Recipient") and the International Development Association ("Association"), dated November 7, 2014 for the above-referenced project. The Agreements provide that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of IDA Credit 5416 - NG ("Financing"). This revised letter includes the modifications to the Designated Accounts. A further revision needs to be made once the commercial banks are selected by the Borrower. 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:
   - Advances
   - Reimbursement
   - Direct Payment
   - Special Commitment

(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: 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,
Delta Center, 13th Floor,
Menengai Road, Upper Hill,
Nairobi,
Kenya.
Contact Telephone number: +254 20 2936 000.

(iii) Electronic Delivery (subsection 3.4) The World Bank may permit the Recipient to electronically deliver to the World Bank Applications (with supporting documents) through the World Bank’s Client Connection, web-based portal. The option to deliver Applications to the World Bank 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 World Bank 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 World Bank agrees, the World Bank 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 World Bank 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 SDIC 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
(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 Accounts (subsection 5.3):**
  
  Designated Account A: Segregated managed by FPIU for Categories 2 & 3 of the Project of the Project.
  Designated Account B: Segregated managed by SPIU for Bauchi PFMU for Category (1) a
  Designated Account C: Segregated managed by SPIU for Ekiti PFMU for Category (1) b
  Designated Account D: Segregated managed by SPIU for Rivers PFMU for Category (1) c

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

- **Financial Institution at which the Designated Accounts Will Be Opened (subsection 5.5):**
  
  Designated Account A will opened a commercial bank acceptable to the World Bank
  Designated Account B will opened at a commercial bank acceptable to the World Bank
  Designated Account C will opened at a commercial bank acceptable to the World Bank
  Designated Account D will opened at a commercial bank acceptable to the World Bank

- **Ceilings (subsection 6.1):**
  
  Designated Account A- USD 3,000,000
  Designated Account B- USD 4,000,000
  Designated Account C- USD 3,000,000
  Designated Account D- USD 5,000,000

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 requests for Reimbursement:**
  
  o 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;
  o Statement of Expenditure in the form attached (Attachment 4) for all other expenditures / contracts; and
  o 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 Payment and Special Commitments: 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 (subsection 6.3): Monthly

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 Loan Operations, at service account email address ‘LOA-afr@worldbank.org’ using the above reference.

Yours sincerely,

Luis Schwarz
Senior Finance Officer
Loan Operations

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

Luis Schwarz

Cleared with and cc: Evarist Baimu, LEGAM
Miguel Vargas-Ramirez, AFTU2

Cc with copies: