CREDIT NUMBER 6098-NG (Portion A of the Credit)
CREDIT NUMBER 6099-NG (Portion B of the Credit)

Financing Agreement
(Kaduna State Economic Transformation Program)

between

FEDERAL REPUBLIC OF NIGERIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated September 29, 2017
CREDIT NUMBER 6098-NG (Portion A of the Credit)
CREDIT NUMBER 6099-NG (Portion B of the Credit)

FINANCING AGREEMENT

AGREEMENT dated September 29, 2017, entered into between the FEDERAL REPUBLIC OF NIGERIA ("Recipient") and the 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 two portions as follows:

(a) an amount equivalent to ninety-seven million six hundred thousand Special Drawing Rights (SDR 97,600,000) (Portion A of the Credit); and

(b) an amount equivalent to one hundred fifty-seven million eight hundred thousand Special Drawing Rights (SDR 157,800,000) (Portion B of the Credit)

(Portion A of the Credit and Portion B of the Credit variously collectively referred to as "Credit" and "Financing"), to assist in financing the program described in Schedule 1 to this Agreement ("Program").

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement. All withdrawals from the Financing Account shall be deposited by the Association into an account specified by the Recipient and acceptable to the Association. The Recipient's Representative for purposes of taking any action required or permitted to be taken pursuant to this Section is the director or deputy director, department of international economic relations, 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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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:

(a) one point thirteen percent (1.13%) per annum on Portion A of the Credit; and

(b) one point twenty-five percent (1.25%) per annum on Portion B of the Credit.

2.06. The Payment Dates are February 1 and August 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 — PROGRAM

3.01. The Recipient declares its commitment to the objectives of the Program. To this end, the Recipient shall carry out the Program or cause the Program to be carried out 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 Program is carried out in accordance with the provisions of Schedules 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Event of Suspension consists of following, namely, that an action has been taken or a policy has been adopted which results or may result in any significant reversal of any part of the Program and /or any activity implemented pursuant to the Program Action Plan; and

4.02. The Additional Event of Acceleration consists of the following, namely, that any of the events specified in Section 4.01 of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Association to the Recipient.
ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Condition of Effectiveness consists of the following, namely, that the Subsidiary Agreement has been executed on behalf of the Recipient and Kaduna State.

5.02. The Additional Legal Matter consists of the following, namely, that the Subsidiary Agreement has been duly authorized or ratified by the Recipient and Kaduna State and is legally binding upon the Recipient and Kaduna State in accordance with its terms.

5.03. The Effectiveness Deadline is the date 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 years after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient’s Representative is its minister responsible for finance.

6.02. The Recipient’s Address is:

Federal Ministry of Finance
Ahmadu Bello Way
Abuja, Federal Republic of 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

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

FEDERAL REPUBLIC OF NIGERIA

By:

Authorized Representative

Name: KEMI ADEOSUN(MB)

Title: HONOURABLE MINISTER OF FINANCE

INTERNATIONAL DEVELOPMENT ASSOCIATION

By:

Authorized Representative

Name: Rachid Bennassoud

Title: Country Director
SCHEDULE 1

Program Description

The objective of the Program is to improve the business enabling environment and strengthen fiscal management and accountability in Kaduna State.

The Program supports the Recipient's Kaduna State Development Plan ("KSDP"), with a focus on the economic development and governance pillars and consists of the following activities:

1. Promoting private investments through support for Kaduna State policy reforms to improve the enabling environment and increase private investments, including through support for: (a) transversal reforms to improve regulations affecting the entry and operations of small and medium enterprises; (b) improved investment policy and promotion, including the development of Public Private Partnerships; (c) simplifying the registration of property, including through support for the Systematic Property Registration Program implemented by the Kaduna Geographical Information Services ("KADGIS"); and (d) the development and implementation of a Framework for Responsible and Inclusive Land-Intensive Agricultural Investments for Kaduna State.

2. Strengthening fiscal management and accountability, including citizens' engagement through: (a) improving revenue generation; (b) strengthening public investment management; and (c) fostering fiscal accountability.
SCHEDULE 2

Program Execution

Section I. Implementation Arrangements

A. Program Fiduciary, Environmental and Social Systems

Without limitation upon the provisions of Article IV of the General Conditions, the Recipient shall carry out the Program, or cause the Program to be carried out, in accordance with financial management, procurement and environmental and social management systems acceptable to the Association, including those set forth in the ESSA and the Program Action Plan ("Program Fiduciary, Environmental and Social Systems") which are designed to ensure that:

1. The Financing proceeds are used for their intended purposes, with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability.

2. The actual and potential adverse environmental and social impacts of the Program are identified, avoided, minimized, or mitigated, as the case may be, all through an informed decision-making process.

B. Anti-Corruption

Without limitation upon the provisions of Part A of this Section, the Recipient shall carry out the Program, or cause the Program to be carried out, in accordance with the provisions of the Anti-Corruption Guidelines.

C. Other Program Institutional and Implementation Arrangements

1. Program Institutions

Without limitation upon Part A of this Section, the Recipient shall maintain or cause to be maintained at all times during Program implementation, adequate institutional arrangements satisfactory to the Association as necessary, to achieve the objectives of the Program as further detailed in the Program Implementation Manual, including the following:

(a) the Recipient shall maintain the Program Steering Committee until completion of the Program with composition, mandate, and resources satisfactory to the Association to ensure coordination with all relevant MDAs under the Program; and
the Kaduna State Ministry of Budget and Planning, in close coordination with the Kaduna State Ministry of Finance shall be responsible for overall implementation of the Program.

2. **Subsidiary Agreement**

To facilitate the carrying out of the Program, the Recipient shall make the proceeds of the Financing available to Kaduna State under a subsidiary agreement between the Recipient and Kaduna State Ministry of Finance, under terms and conditions approved by the Association ("Subsidiary Agreement"), which shall include the following:

(a) The principal amount of the Credit made available under the Subsidiary Agreement ("Subsidiary Credit") shall be: (a) denominated and repayable in Naira; (b) charged interest on the principal amount withdrawn and outstanding from time to time at the rate of: (i) 1.13% per annum on amounts withdrawn under Portion A of the Credit; and (ii) 1.25% per annum on amounts withdrawn under Portion B of the Credit; and (c) repayable over a period not exceeding twenty-five (25) years from the date of the Subsidiary Agreement, inclusive of a grace period not exceeding five (5) years.

(b) The Subsidiary Agreement shall detail mutual responsibilities for the implementation of the Program and other terms and conditions as may be approved by the Association, such terms and conditions to include the obligation of Kaduna State to: (i) carry out its activities under the Program with due diligence and efficiency and in accordance with the Program Fiduciary, Environmental and Social Systems, including those set forth in the ESSA and the Program Action Plan, the Program Implementation Manual, and the Anti-corruption Guidelines; (ii) maintain policies and procedures adequate to enable it to monitor the progress of its activities under the Program and the achievement of the Program’s objectives; (iii) enable the Recipient and the Association to inspect the Program activities within the Kaduna State’s jurisdiction, its operation and any relevant records and documents; and (iv) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association may reasonably request relating to the foregoing.

(c) The Recipient shall exercise its rights 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 shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.
E. Program Implementation Manual

1. No later than three (3) months after the Effective Date, the Recipient shall prepare a Program implementation manual in form and substance satisfactory to the Association, containing detailed arrangements and procedures for implementation of the Program including inter alia: (a) disbursement and flow of funds arrangements; (b) institutional arrangements; (c) financial management, and governance arrangements; (d) environmental and social management systems including the ESSA and Program grievance redress mechanism; (e) monitoring and evaluation, reporting and communication, including Program indicators; (f) Program Action Plan; (g) detailed arrangements for verification of achievement of DLRs (including the Verification Protocol); and (h) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Program.

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 (“Program Implementation Manual”).

3. The Recipient shall ensure, and shall cause Kaduna State to ensure, that the Program 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 the prior approval in writing by the Association.

F. Program Action Plan

Without limitation to the provisions of Section I.A of this Schedule, the Recipient shall carry out the Program Action Plan, or cause the Program Action Plan to be carried out in a manner satisfactory to the Association.

G. DLR Verification Protocol

1. No later than ninety (90) days after the Effective Date, the Recipient, through Kaduna State, shall recruit one or more organizations with experience, independence, and capacity and under terms of reference acceptable to the Association (“Independent Verification Agent(s)” or “IVA”) to verify the data and other evidence supporting the achievement of one or more Disbursement Linked Results (“DLRs”) as set forth in the DLI Verification Protocol and recommend corresponding payments to be made.
2. The Recipient shall: (a) ensure that the Independent Verification Agent(s) carries/carry out verification process(es) in accordance with the DLI Verification Protocol; and (b) submit to the Association the corresponding verification reports in a timely manner and in form and substance satisfactory to the Association.

3. In the event there is a need for verification services prior to the recruitment of the firm in accordance with sub-paragraph 1 above, the Recipient shall put in place adequate interim arrangements satisfactory to the Association and approved in writing by the Association for verification of the DLRs.

Section II. Excluded Activities

The Recipient shall ensure that the Program excludes any activities which:

(a) in the opinion of the Association, are likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people; or

(b) involve the procurement of: (i) works, estimated to cost fifty million Dollars ($50,000,000) equivalent or more per contract; (ii) goods, estimated to cost thirty million Dollars ($30,000,000) equivalent or more per contract; (iii) non-consulting services, estimated to cost twenty million Dollars ($20,000,000) equivalent or more per contract; or (iv) consulting services, estimated to cost fifteen million Dollars ($15,000,000) equivalent or more per contract.

Section III. Program Monitoring, Reporting and Evaluation; Audits

A. Program Reports

The Recipient shall monitor and evaluate the progress of the Program and prepare Program Reports in accordance with the provisions of Section 4.08 of the General Conditions. Each Program Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than one month after the end of the period covered by such report.

B. Program Financial Audits

Without limitation upon the generality of Section I.A of this Schedule 2 and Section 4.09 of the General Conditions, the Recipient shall have the Financial Statements audited in accordance with the provisions of Section 4.09(b) of the General Conditions. Unless otherwise agreed by the Association, each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than nine (9) months after the end of such period.
Section IV. Withdrawal of Program Financing Proceeds

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions applicable to the Program, this Section, and such additional instructions as the Association may specify from time to time by notice to the Recipient to: (a) finance the results ("DLRs") achieved by the Recipient, as measured against specific indicators ("Disbursement Linked Indicators" or "DLIs"); all as set forth in the table in paragraph 2 of this Part A.

2. The following table specifies each category of withdrawal of the proceeds of the Financing (including the Disbursement Linked Indicators as applicable) ("Category"), the Disbursement Linked Results for each Category (as applicable), and the allocation of the amounts of the Financing to each Category:
<table>
<thead>
<tr>
<th>Category (Including Disbursement Linked Indicator as applicable)</th>
<th>Portion A Amount of the Credit Allocated (expressed in SDR)</th>
<th>Portion B Amount of the Credit Allocated (expressed in SDR)</th>
<th>DLI Baseline</th>
<th>Prior results</th>
<th>Disbursement Linked Result (as applicable) (Indicative timeline for DLI achievement)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) DLI 1: Simplified business processes: reduction in the time required to start a business, deal with construction permit and register property</td>
<td>25,540,000</td>
<td>248 days (2016)</td>
<td>Approval of Ease of Doing Business Charter</td>
<td>FY2017 217</td>
<td>FY2018 186</td>
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<tr>
<td>Allocated amount:</td>
<td></td>
<td></td>
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<td>FY2019 155</td>
<td>FY2020 123</td>
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<tr>
<td>Scarcity formula: SDR 145,877 per reduced day (capped to SDR 18,230,000)</td>
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<td>(2) DLI 2: Implementation of systematic property registration program: # of</td>
<td>25,540,000</td>
<td>0 (Jan. 2017)</td>
<td>3,000 new CoFIs issued by June 30, 2017</td>
<td>FY2017 7,000</td>
<td>FY2018 10,000</td>
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<td>FY2019 10,000</td>
<td>FY2020 10,000</td>
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<tr>
<td>Description</td>
<td>Allocated amount (in SDR)</td>
<td>Scalability formula:</td>
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<td>Approval of KADGIS regulations</td>
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<td>9.12</td>
<td>3.07</td>
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<td>4.45</td>
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<tr>
<td><strong>(3) DLI 3:</strong> Strengthening investment promotion: number of Memoranda of Understanding signed between investors and KADIPA</td>
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<td></td>
<td>25,540,000</td>
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<td></td>
<td>10 (Jan. 2017)</td>
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<td>Organization of KADINVEST 2.0 (April 5-6, 2017)</td>
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<td><strong>Allocated amount:</strong></td>
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<td>3.66</td>
<td>5.47</td>
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<td><strong>(4) DLI 4:</strong> Development of the legal and Enactment of legal and institutional Project Facilitation Fund Rates, FCCL from existing projects One PPP transaction with low</td>
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<td>20,980,000</td>
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<td>4,560,000</td>
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<tr>
<td>Institutional framework for PPP</td>
<td>Institutional framework</td>
<td>Framework for PPP</td>
<td>Governance and Operational Manual prepared; development of PPP pipeline, pre-feasibility study for 3 priority transactions; PPP Fiscal Commitment and Contingent Liability Management Framework (FCCL) adopted; measured and disclosed; PPP disclosure framework adopted; web portal established and project information available; detailed feasibility studies for 1 transaction with low environmental and social risks completed; Project Facilitation Fund established and seed of N 60 million Naira provided</td>
<td>Environment and social risks reaches commercial closure</td>
<td></td>
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</tbody>
</table>

- 13 -
<table>
<thead>
<tr>
<th>Allocated amount:</th>
<th>3.67</th>
<th>7.29</th>
<th>7.29</th>
<th>7.29</th>
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<tbody>
<tr>
<td>Scalability formula:</td>
<td>Not scalable</td>
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(5) **DLI 5:** Development and implementation of a Framework for Responsible and Inclusive Land-Intensive Agricultural Investments (FRILIA)

- **Allocated amount:** 25,540,000
- **Scalability formula:** Not scalable
- **FRILIA principles approved by Kaduna State governor**
- **FRILIA in line with approved principles developed through a consultative process**
- **Enactment of FRILIA**
- **Social audit confirms satisfactory implementation of FRILIA**

(6) **DLI 6:** Increasing IGR outturn

- **Allocated amount:** 25,540,000
- **Scalability formula:** Not scalable
- **42% (2016)**
- **BATMIS fully operational for revenues and expenditure chain**
- **50%**
- **55%**
- **60%**
- **66%**

<table>
<thead>
<tr>
<th>Allocated amount:</th>
<th>3.67</th>
<th>7.29</th>
<th>4.56</th>
<th>4.56</th>
<th>5.46</th>
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</table>
SDR 911,730 per point rounded to the closest point (capped to SDR 21,880,000)

<table>
<thead>
<tr>
<th>(7) DLI 7: Improvement of tax collection: increase in number of registered tax payers (TIN) filing returns</th>
<th>25,540,000</th>
<th>6,000 (2015)</th>
<th># registered tax payers (TIN) by June 2017: 30,000</th>
<th>50,000</th>
<th>100,000</th>
<th>150,000</th>
<th>200,000</th>
</tr>
</thead>
</table>

Allocated amount:

| | 7.29 | 2.05 | 5.40 | 5.40 | 5.40 |

Scalability formula: SDR 107,262 per 1,000 new registered tax payers filing returns (capped to SDR 18,230,000)

<p>| (8) DLI 8: Increasing capital expenditure execution rate | 25,540,000 | 50% | Establishment of Planning Commission; draft Kaduna Infrastructure Master Plan released for public consultations; | 55% | 60% | 65% | 70% |</p>
<table>
<thead>
<tr>
<th>Allocated amount:</th>
<th>10.86</th>
<th>3.67</th>
<th>3.67</th>
<th>3.67</th>
<th>3.67</th>
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</thead>
</table>

Scalability formula: SDR 729,384 per point rounded to the closest point (capped to SDR 14,590,000)

(9) DLI 9: Increasing procurement effectiveness

<table>
<thead>
<tr>
<th>Amount</th>
<th>Low level of transparency and competitiveness in procurement process</th>
<th>Approval of Procurement Guidelines (as per Procurement Law), adoption of e-procurement, implementation of e-procurement, disclosure of contract awards, procurement, implementation of e-procurement, disclosure of contract awards, procurement, implementation of e-procurement, disclosure of contract awards, procurement</th>
<th>Implementation of e-procurement, disclosure of contract awards, procurement, implementation of e-procurement, disclosure of contract awards, procurement, implementation of e-procurement, disclosure of contract awards, procurement</th>
<th>Implementation of e-procurement, disclosure of contract awards, procurement, implementation of e-procurement, disclosure of contract awards, procurement, implementation of e-procurement, disclosure of contract awards, procurement, implementation of e-procurement, disclosure of contract awards, procurement</th>
<th>Implementation of e-procurement, disclosure of contract awards, procurement, implementation of e-procurement, disclosure of contract awards, procurement, implementation of e-procurement, disclosure of contract awards, procurement, implementation of e-procurement, disclosure of contract awards, procurement</th>
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<tr>
<td>25,540,000</td>
<td>25,540,000</td>
<td>25,540,000</td>
<td>25,540,000</td>
<td>25,540,000</td>
<td>25,540,000</td>
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<tr>
<td>Procurement strategy; disclosure of contracts above N. 50 million since Jan. 2017</td>
<td>for three (3) main procuring MDAs; audit in one (1) main procuring MDA</td>
<td>audit in five (5) main procuring MDAs</td>
<td>audit in ten (10) main procuring MDAs</td>
<td>audit in fifteen (15) main procuring MDAs</td>
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<tr>
<td>Allocated amount:</td>
<td>7.29</td>
<td>3.67</td>
<td>2.44</td>
<td>6.07</td>
<td>6.07</td>
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<tr>
<td>Scalability formula: SDR 1,210,000 per main procuring MDA (capped to SDR 18,230,000)</td>
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<tr>
<td>(10) DLI 10: Improved government responsiveness to citizens’ feedback on fiscal performance</td>
<td>25,540,000</td>
<td>Absence of citizen engagement on budget execution</td>
<td>Approval of Audit Law by Executive Council; Approval of Freedom of Information Law by Executive Council; disclosure of State and LG budgets for 2017; disclosure of State budget</td>
<td>5% of capital projects improved in response to citizens’ feedback</td>
<td>10%</td>
</tr>
<tr>
<td>Allocated amount:</td>
<td>10.86</td>
<td>3.67</td>
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<tr>
<td>Scalability formula:</td>
<td>SDR 729,384 per percentage point (capped at SDR 14,590,000)</td>
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<tr>
<td>TOTAL AMOUNT:</td>
<td>97,600,000</td>
<td>157,800,000</td>
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</table>
B. Withdrawal Conditions; Withdrawal Period

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

   (a) for purposes of Section 2.03 of the General Conditions (renumbered as such pursuant to paragraph 6 of Section II of the Appendix to this Agreement and relating to Program Expenditures), for DLRs achieved prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed SDR 63,750,000, may be made for such DLRs achieved prior to this date but on or after November 8, 2016 (prior results);

   (b) for any DLR unless and until the Recipient has furnished evidence satisfactory to the Association that said DLR has been achieved and verified, all in accordance with the DLI Verification Protocol; and

   (c) for a DLR related to a DLI for a FY under Categories 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, unless the Recipient has furnished evidence satisfactory to the Association that: (i) an aggregate amount equivalent to the amount of Financing withdrawn in respect of the DLR under said Category for the previous FY was, as applicable, transferred to Kaduna State, in a timely manner in accordance with the provisions of this Agreement; and (ii) for said FY Kaduna State has received the amount of the Financing allocated to it based on the DLR(s) achieved by said State as verified by the DLI Verification Protocol.

2. Notwithstanding the provisions of Part B.1(c) of this Section, the Recipient shall transfer to Kaduna State in a timely manner the proceeds of the Program Financing allocated to the respective State on the basis of the DLR(s) achieved by said State as verified by the DLI Verification Protocol, all in accordance with the provisions of this Agreement.

3. Notwithstanding the provisions of Part B.1(b) of this Section, the Recipient may withdraw an amount not to exceed twenty-five percent (25%) of the amount of the Financing as an advance; provided, however, that if the DLR(s) in the opinion of the Association, are not achieved (or only partially achieved) by the Closing Date, the Recipient shall refund such advance (or portion of such advance as determined by the Association to the Association promptly upon notice thereof by the Association. Except as otherwise agreed with the Recipient, the Association shall cancel the amount so refunded. Any further withdrawals requested as an advance under any Category for the Program shall be permitted only on such terms and conditions as the Association shall specify by notice to the Recipient.
4. Notwithstanding the provisions of Part B.1(b) of this Section, if any of the DLRs under Categories 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, has not been achieved by the date by which the said DLR is set to be achieved, the Association may, by notice to the Recipient: (a) authorize the withdrawal of such lesser amount of the unwithdrawn proceeds of the Financing then allocated to said Category which, in the opinion of the Association, corresponds to the extent of achievement of said DLR, said lesser amount to be calculated in accordance with the table of paragraph IV.A.2 of this Part B; (b) reallocate all or a portion of the proceeds of the Financing then allocated to said DLR(s) to any other DLR(s); and/or (c) cancel all or a portion of the proceeds of the Financing then allocated to said DLR.

5. The Closing Date is March 31, 2021.

6. Notwithstanding the foregoing provisions of this Section IV, if at any time after the Closing Date the Recipient has failed to provide evidence satisfactory to the Association that the Withdrawn Financing Balance does not exceed the total amount of Program Expenditures, the Recipient shall, promptly upon notice from the Association, refund to the Association such excess amount of the Withdrawn Financing Balance. The Association shall cancel the refunded amount of the Withdrawn Financing Balance.
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 February 1 and August 1:</td>
<td></td>
</tr>
<tr>
<td>commencing August 1, 2022 to and including February 1, 2032</td>
<td>1.65%</td>
</tr>
<tr>
<td>commencing August 1, 2032 to and including February 1, 2042</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


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


6. “Disbursement Linked Indicator” or “DLI” each means in respect of a given Category, the indicator related to said Category as set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.

7. “DLI Baseline” means the initial collection of data which serves as a basis for comparison with the subsequently acquired data.

8. “Disbursement Linked Result” or “DLR” each means in respect of a given Category, the result under said Category as set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement, on the basis of the achievement of which, the amount of the Financing allocated to said result may be withdrawn in accordance with the provisions of said Section IV.

9. “DLI Verification Protocol” means the protocol agreed by the Association and the Recipient to verify the data and other evidence supporting the achievement of one or more DLRs, as such protocol may be modified from time to time with the agreement of the Association.

10. “Ease of Doing Business Charter” means the commitment by Kaduna State MDAs to reduce the time of selected business services officially announced on April 5, 2017.

11. “ESSA” means the Environmental and Social System Assessment dated May 16, 2017, and applicable to the Program which assesses the Recipient’s environmental and social management systems, detailing the Program’s environmental and social benefits, risks and impacts and recommending remedial measures to strengthen the social and environmental systems performance.
12. “Eyes and Ears for Capital Projects” means the phone-based application which allows monitoring of capital projects implementation in Kaduna State and which includes a citizen’s feedback module.

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

14. “Framework for Responsible and Inclusive Land-Intensive Agricultural Investments” or “FRILIA” each means a policy document describing the processes governing land-intensive agricultural investments in Kaduna State to ensure socially and environmentally sustainable investments.


16. “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.

17. “IGR” means internally generated revenues.

18. “Independent Verification Agent(s)” or “IVA” each means any agent referred to in Section I.G.1 of Schedule 2 of this Agreement.

19. “KADIPA” means Kaduna Investment Promotion Agency, as established by the Law to Establish the Kaduna Investment Promotion Agency and Other Matters Connected Therewith (enacted on December 23rd, 2015).

20. “KADINVEST 2.0” means Kaduna Economic and Investment Summit held on April 5-6, 2017.

21. “Kaduna Geographical Information Services” or “KADGIS” each means the agency established through the Law to Establish the Kaduna Geographic Information Service and Matters Connected Therewith enacted on December 23rd, 2015.


25. "Kaduna State Ministry of Finance" means the Kaduna State ministry responsible for finance or any successor thereto.


27. "MDAs" means the ministries, departments and agencies of Kaduna State.

28. "Memorandum of Understanding" means the memorandum of understanding to be signed between an investor and KADIPA and "Memoranda of Understanding" means any number of such Memoranda.

29. "Ministry of Budget and Planning" means Kaduna State's ministry responsible for budget and planning or any successor thereto.

30. "Ministry of Finance" means Kaduna State's ministry responsible for finance or any successor thereto.

31. "Naira" means the Recipient's currency.

32. "Planning Commission" means the successor of the Kaduna State Ministry of Budget and Planning to be formally established no later than June 30, 2017, or any successor thereto.

33. "PPP" means private public partnership.

34. "PPP Fiscal Commitment and Contingent Liability Management Framework" or "FCCL" means the Framework to provide guidance to Kaduna State on managing fiscal risks from PPPs during approval and implementation, focusing on: (i) identifying and assessing fiscal commitments arising from PPPs during project preparation and implementation; (ii) incorporating these into the project approval process, including budgeting for these appropriately; and (iii) strengthening the monitoring and reporting of fiscal commitments over the lifetime of the project.

35. "Procurement Guidelines" means the Guidelines on Public Procurement to be issued by Kaduna State Public Procurement Authority as per the Procurement Law.

36. "Procurement Law" means the Law to Establish a Public Procurement Authority for Kaduna State and for Connected Purposes, enacted on June 1, 2016.

37. "Program Implementation Manual" or "PIM" each means the manual for the implementation of the Program acceptable to the Association to be prepared and adopted by the Recipient in accordance with the provisions of Section I.E of
Schedule 2 to this Agreement, as the same may be amended in accordance with the provisions of said Section.

38. "Program" means the activities described in Schedule 1 to this Agreement.

39. "Program Action Plan" means the set of priority actions agreed by the Association and the Recipient for the strengthening of the Recipient's sectoral and institutional framework referred to in Section I.F of Schedule 2 to this Agreement, as the same may be amended from time to time with the prior written approval of the Association.

40. "Program Fiduciary and Environmental and Social Systems" means the Recipient's systems for the Program referred to in Section I.A of Schedule 2 to this Agreement.

41. "Program Steering Committee" means the committee referred to in Section I.C.1(a) of Schedule 2 to this Agreement.

42. "Project Facilitation Fund" means a Fund established to support the development of PPP in Kaduna State in any of the following ways: support contracting authorities in preparation, appraisal and tendering of PPP project; extend viability gap finance to PPP projects; meet any contingent liabilities arising from a PPP project; support activities of the PPP Unit in the delivery of its mandate.

43. "Rules, Governance and Operational Manual" means the manual governing the establishment and operations of the Project Facilitation Fund for PPP.

44. "Subsidiary Agreement" means the agreement referred to in Section I.C.2 of Schedule 2 to this Agreement pursuant to which the Recipient shall make the proceeds of the Financing available to Kaduna State.

45. "Systematic Property Registration Program" means the pro-poor, low cost, mass property registration program to issue Certificates of Occupancy implemented by KADGIS.


Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. Wherever used throughout the General Conditions, the term "the Project" is modified to read "the Program"; the term "the Project Agreement" is modified to read "the Program Agreement"; the term "Project Implementing Entity" is
modified to read “the Program Implementing Entity”, the term “Project Report” is modified to read “Program Report”; and the term “Eligible Expenditures” is modified to read “Program Expenditures”.

2. In the Table of Contents, the references to Sections, Section names and Section numbers are modified to reflect the modifications set forth in the paragraphs below.

3. Section 2.02, Special Commitment by the Association, is deleted in its entirety, and the subsequent Sections in Article II are renumbered accordingly.

4. In Section 2.02 (originally numbered as Section 2.03), the heading “Applications for Withdrawal or for Special Commitment” is replaced with “Applications for Withdrawal”, and the phrase “or to request the Association to enter into a Special Commitment” is deleted.

5. The section originally numbered as Section 2.04, Designated Accounts, is deleted in its entirety, and the subsequent Sections in Article II are renumbered accordingly.

6. Paragraph (a) of Section 2.03 (originally numbered as Section 2.05), Eligible Expenditures (renamed “Program Expenditures” in accordance with paragraph 1 of this Section II), is modified to read: “(a) the payment is for the financing of the reasonable cost of expenditures required for the Program and to be financed out of the proceeds of the Financing in accordance with the provisions of the Legal Agreements;”.

7. The last sentence of Section 2.04 (originally numbered as Section 2.06), Financing Taxes, is modified to read: “To that end, if the Association at any time determines that the amount of any such Tax is excessive, or that such Tax is discriminatory or otherwise unreasonable, the Association may, by notice to the Recipient, exclude such amount or such Tax from the Program Expenditures to be financed out of the proceeds of the Financing, as required to ensure consistency with such policy of the Association.”

8. Section 2.06 (originally numbered as Section 2.08), Reallocation, is modified to read: “Notwithstanding any allocation of an amount of the Financing to a withdrawal category under the Financing Agreement, the Association may, by notice to the Recipient, reallocate any other amount of the Financing to such category if the Association reasonably determines at any time that such reallocation is appropriate for the purposes of the Program.”

9. 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.”

10. Section 6.01, *Cancellation by the Recipient*, is modified to read: “The Recipient may, by notice to the Association, cancel any amount of the Unwithdrawn Financing Balance.”

11. Paragraph (d) of Section 6.03, *Cancellation by the Association*, entitled “Misprocurement”, is deleted, and subsequent paragraphs are re-lettered accordingly.

12. Section 6.04, *Amounts Subject to Special Commitment not Affected by Cancellation or Suspension by the Association*, is deleted in its entirety, and subsequent Sections in Article VI and references to such Sections are renumbered accordingly.

13. In the **Appendix, Definitions**, all references to Section numbers are modified, as necessary, to reflect the modifications set forth above. In addition, the definition of the term “Special Commitment” set forth in paragraph 50 is deleted in its entirety, and all subsequent paragraphs are renumbered accordingly.

14. 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”.

15. 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)."

16. 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”.
17. 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).