

Public Disclosure Authorized

OFFICIAL DOCUMENTS

NUMBER G-2430

Indemnity Agreement

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

FEDERAL REPUBLIC OF NIGERIA

Public Disclosure Authorized

Partial Risk Guarantee in support of the Natural Gas Sales Agreement entered into by Accugas Limited and Calabar Generation Company Limited for the Nigeria Electricity and Gas Improvement Project (NEGIP) (P114277)

Dated June 29, 2017

INDEMNITY AGREEMENT

INDEMNITY AGREEMENT, dated June 29, 2017 between the FEDERAL REPUBLIC OF NIGERIA ("*Nigeria*") and INTERNATIONAL DEVELOPMENT ASSOCIATION (the "*Association*" or "*IDA*").

(A) WHEREAS Calabar Generation Company Limited ("*Calabar*") and Accugas Limited (the "*Company*"), have entered into a natural gas sales agreement (the "*GSA*") pursuant to which Calabar has undertaken certain obligations (including payment obligations) to the Company;

(B) WHEREAS, the Company, Calabar, Niger Delta Power Holding Company Limited ("*NDPHC*") and Nigerian Bulk Electricity Trading PLC ("*NBET*") have entered into a Support Agreement (the "*Support Agreement*"), pursuant to which NDPHC has agreed to provide certain undertakings to the Company in connection with certain payment obligations of Calabar under the GSA and NBET has agreed to assume such obligations from NDPHC in the event that NDPHC ceases to be the controlling shareholder and/or the majority owner of Calabar;

(C) WHEREAS a commercial bank (the "*IDA PRG L/C Bank*"), has issued or shall issue, at the request and for the account of NDPHC on or about the date hereof, a standby letter of credit in favor of the Company (the "*IDA PRG L/C*") which will establish certain rights of the Company or its permitted assignee or transferee under the terms of the IDA PRG L/C (the "*LC Beneficiary*") to make drawings in the maximum amount of one hundred eleven million eight hundred thousand United States Dollars (US\$111,800,000.00) for the purpose of covering certain payment failures under the GSA and following the occurrence of a Guaranteed Event (as defined below) and in accordance with the Support Agreement;

(D) WHEREAS at the request and with the agreement of Nigeria, the Association and the IDA PRG L/C Bank have entered or will enter into an agreement on or about the date hereof (the "*IDA Guarantee Agreement*") pursuant to which the Association agrees to guarantee (the "*IDA Guarantee*") to the IDA PRG L/C Bank, the repayment of the principal amount of the loan plus accrued interest (each an "*IDA-Guaranteed Loan*") and the aggregate amount due from the Association at any time in respect of such IDA-Guaranteed Loan, the "*IDA-Guaranteed Loan Amount*") made by the IDA PRG L/C Bank to NDPHC as a result of a proper drawing under the IDA PRG L/C by the Company as provided under the IDA PRG L/C;

(E) WHEREAS the IDA Guarantee to the IDA PRG L/C Bank shall apply in the event NDPHC or NBET, as applicable, pursuant to its obligations under the Reimbursement and Credit Agreement entered or to be entered into by NDPHC, NBET and the IDA PRG L/C Bank on or about the date hereof (the "*Reimbursement and Credit Agreement*") defaults in the payment of the IDA-Guaranteed Loan Amount to the IDA PRG L/C Bank within the repayment period required in the Reimbursement and Credit Agreement;

(F) WHEREAS the aggregate liability of the Association to the IDA PRG L/C Bank with respect to all IDA-Guaranteed Loans shall not exceed the principal amount of one hundred eleven million eight hundred thousand United States Dollars (US\$111,800,000.00) plus accrued interest (the "**Maximum Guaranteed Amount**");

(G) WHEREAS, in consideration of the Association entering into the IDA Guarantee Agreement guaranteeing payment of principal and interest under all IDA-Guaranteed Loans up to the Maximum Guaranteed Amount, Nigeria has undertaken the obligations to the Association set forth in this Indemnity Agreement; and

(H) WHEREAS, Nigeria and the Association hereby agree that the indemnity agreement entered into by the same parties hereto on November 3, 2016, and in connection with the subject matter of this agreement, is null and void.

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I
Incorporation of General Conditions and Modifications

Section 1.01. (a) The following provisions of the "General Conditions for Credits and Grants" of the Association, dated July 31, 2010 (hereinafter the "**General Conditions**"), with the modifications set forth in paragraph (b) of this Section 1.01 or as otherwise modified by this Indemnity Agreement, constitute an integral part of this Indemnity Agreement:

- (i) Article I (Introductory Provisions);
- (ii) Section 3.04 (Financing Terms, Prepayment), Section 3.05 (Financing Terms, Partial Payment), Section 3.06 (Financing Terms, Place of Payment), Section 3.07 (Financing Terms, Currency of Payment), Section 3.08 (Financing Terms, Amount of Repayment), Section 3.09 (Financing Terms, Valuation of Currencies) and Section 3.10 (Financing Terms, Manner of Payment);
- (iii) Section 4.10 (Project Execution, Cooperation and Consultation), and Section 4.11 (Project Execution, Visits);
- (iv) Article V (Financial and Economic Data);
- (v) Article VII (Enforceability; Arbitration) as modified below;
- (vi) Section 8.02 (Legal Opinions or Certificates) as modified below; and
- (vii) Article IX (Miscellaneous Provisions) as modified below.

(b) The General Conditions, unless the context otherwise requires, shall be modified as follows:

- (i) the terms "Borrower" and "Recipient," wherever used in the General Conditions, means Nigeria;
- (ii) the term "Effective Date," wherever used in the General Conditions, means the date specified in Article V of this Indemnity Agreement;
- (iii) the term "Financing" wherever used in the General Conditions, means the amounts payable by Nigeria under this Indemnity Agreement;
- (iv) the term "Financing Agreement", wherever used in the General Conditions, means this Indemnity Agreement;
- (v) the term "Project," wherever used in the General Conditions, means the entering into the GSA by the parties thereto for the supply of gas to the Power Plant for the benefit of the Nigeria power sector;
- (vi) the term "Project Agreement" means the Cooperation Agreements between each of NDPHC and NBET and the Association dated on or about the date hereof, as the same may be amended in accordance with its terms;
- (vii) in Section 7.02 (*Enforceability; Arbitration; Failure to Exercise Rights*) of the General Conditions, the phrase ", the other IDA Agreements, Transaction Documents or any other related document" is added immediately after the phrase "under any Legal Agreement";
- (viii) Section 8.02 (*Legal Opinions or Certificates*) of the General Conditions is modified to read, in its entirety, as follows: "Nigeria shall furnish to the Association an opinion or opinions satisfactory to the Association given by the Attorney General of Nigeria or, if the Association so requests, a certificate satisfactory to the Association of a competent official of Nigeria showing the following matters: (A) that the Indemnity Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, Nigeria and is legally binding upon Nigeria in accordance with its terms; and (B) any other matter reasonably requested by the Association in connection with the Indemnity Agreement for the purpose of this Section (each an "Additional Legal Matter")."; and
- (ix) Section 9.01 (*Miscellaneous Provisions; Notices and Requests*) is modified by deleting at the beginning of the second sentence the words "Except as otherwise provided in Section 8.03(a).".

Section 1.02. Unless the context otherwise requires,

(a) the several terms defined in the General Conditions and in the Preamble to this Indemnity Agreement have the respective meanings therein set forth;

(b) any reference to an entity includes any of its successors-in-title and assigns;

(c) any reference to “IDA Guarantee Agreement,” “IDA PRG L/C” or “Reimbursement and Credit Agreement” includes any agreement or instrument in replacement thereof;

(d) the following additional terms shall have the following meanings:

- (i) “**Applicable World Bank Safeguard Policies**” means each of the environmental and social safeguards operational policies (OP) and bank procedures (BP), as applicable to the Project, namely (i) the policies and procedures on Environmental Assessment (OP/BP 4.01, dated January 1999, as amended) and (ii) policies and procedures on Involuntary Resettlement (OP/BP 4.12, dated 2001, as revised on April 2013), in each case valid and in force as at the date of this Agreement;
- (ii) “**Bank**” means the International Bank for Reconstruction and Development;
- (iii) “**Cooperation Agreements**” means the Cooperation Agreements between each of NDPHC and NBET and the Association dated on or about the date hereof, as the same may be amended in accordance with its terms.
- (iv) “**Demand**” means a demand on the Association for payment under the IDA Guarantee Agreement, made by means of a Demand Notice;
- (v) “**Demand Notice**” means a demand notice presented to the Association by the IDA PRG L/C Bank in accordance with Article 5 of the IDA Guarantee Agreement;
- (vi) “**Environmental and Social Impact Assessment**” means for the purpose of the Creek Town to Calabar Gas Pipeline segment: the “EIA Final Report of Adanga- Calabar (Ikot Nyong) Gas Pipeline and Metering Facilities Project,” dated April 2013, supplemented by the “Environmental Impact Assessment for Calabar Adanga Pipeline in support of the Application for an IDA Partial Risk Guarantee under the Nigeria Electricity and Gas Improvement Project,” dated May 2013;

- (vii) “**Federal Government of Nigeria**” or “**FGN**” means the governing authority of Nigeria and any other authority, agency or entity which under the laws of Nigeria is considered to be part of the government;
- (viii) “**Guaranteed Event**” means the failure of NDPHC, NBET and/or Calabar to pay any Monthly Invoice in respect of the GSA within the Grace Period (as such terms are defined under the Support Agreement) in accordance with the terms under the Support Agreement;
- (ix) “**IDA Agreements**” means the IDA Guarantee Agreement, this Indemnity Agreement, the Cooperation Agreements, and the IDA Project Agreement, as they may be amended from time to time;
- (x) “**IDA Project Agreement**” means the agreement entered or to be entered into between the Association and the Company in connection with the Project, as amended from time to time;
- (xi) “**NEGIP**” means the Nigeria Electricity and Gas Improvement Project;
- (xii) “**Pipeline**” means the 24” NPS x 21 km long gas pipeline from Creek Town to the Power Plant.
- (xiii) “**Power Plant**” means the power plant owned by Calabar;
- (xiv) “**Public Sector Entity**” means:
 - (A) the FGN, the Parliament of Nigeria, any governmental department or ministry, agency, body, instrumentality or public authority, whether national, state, regional or local (or any subdivision thereof), or any State Company or other entity subject to the overall control or direction as to matters of policy of the FGN or which is otherwise controlled by the FGN (including NBET and NDPHC);
 - (B) any court with jurisdiction over the Company or the Project or any part thereof; or
 - (C) any person having or asserting authority to issue a license, approval or consent required or necessary in connection with the Project, or otherwise having jurisdiction over any aspect of the Project;

- (xv) “**Relevant Project Agreements**” means the GSA, the Support Agreement, and the Reimbursement and Credit Agreement;
- (xvi) “**Sanctionable Practices**” means Corrupt Practices, Fraudulent Practices, Collusive Practices, Coercive Practices or Obstructive Practices in any way connected to the Project, as each of those terms is defined in Annex 1 hereof;
- (xvii) “**State Company**” means a legal entity which is directly or indirectly controlled by the FGN. For the purpose of this definition, the FGN will be deemed to have control if it:
 - (A) holds an absolute majority of the votes in a shareholder meeting or equivalent corporate body; or
 - (B) holds more than fifty percent (50%) of the rights and interests which confer the power of management and control; or
 - (C) has the power to appoint a majority of the members of the governing body of such legal entity;
- (xviii) “**Transaction Documents**” means the Relevant Project Agreements and the IDA Agreements; and
- (xix) “**United States Dollars**” or “**US\$**” or “**US Dollars**” means the lawful currency of the United States of America.

ARTICLE II

Indemnity by Nigeria to the Association

Section 2.01. In consideration of the Association providing the IDA Guarantee on the terms and conditions set out in the IDA Guarantee Agreement, Nigeria hereby irrevocably and unconditionally agrees:

(a) to reimburse the Association in US Dollars immediately upon written demand or as the Association may otherwise direct in writing for any amount paid by the Association under the IDA Guarantee Agreement together with interest thereon at the rate per annum determined by the Association and notified to Nigeria (which rate shall not exceed the Association’s highest prevailing lending rate for its credits in effect at the time payment is made by the Association) from the date such payment is made by the Association until such amount is paid in full;

(b) to indemnify the Association on demand in respect of all actions, proceedings, liabilities, claims, losses, damages, costs and expenses brought against, suffered or incurred by the Association directly or indirectly in relation to or arising out of the IDA Guarantee Agreement (except as otherwise provided in Section 7.03(i) (*Arbitration*) of the General Conditions);

(c) that: (i) the Association is authorized to comply with any Demand Notice served on the Association pursuant to the IDA Guarantee Agreement and make any payments which may be due or claimed from the Association under the IDA Guarantee (*provided* that the Association shall promptly notify Nigeria of any such demand, but failure to give such notice shall in no way affect the Association's obligation to make payment under the IDA Guarantee or Nigeria's obligation to reimburse or indemnify the Association pursuant to this Indemnity Agreement); and (ii) it shall not be incumbent on the Association to inquire whether or not any statements in such Demand Notice are in fact correct or whether payments are in fact due or whether or not a dispute exists between any of NDPHC, NBET, Calabar, the IDA PRG L/C Bank, the Company or the L/C Beneficiary, if different from the Company; and

(d) that any such Demand Notice served on the Association pursuant to the IDA Guarantee Agreement shall, as between Nigeria and the Association, be conclusive evidence that the demand is properly made and payment is due. Following the notification to Nigeria of the receipt by the Association of any Demand Notice, Nigeria may investigate the validity of the statements in such Demand Notice and take such actions as Nigeria may see fit against the Company or the IDA PRG L/C Bank, in respect thereof, all without prejudice to the Association's obligations under the IDA Guarantee Agreement to make a payment in respect of any such Demand Notice and to Nigeria's obligations under this Indemnity Agreement in relation to its indemnity and payment obligations to the Association. The obligations of Nigeria hereunder shall apply notwithstanding that Nigeria, NDPHC, NBET, Calabar or any Public Sector Entity disputes the validity of any such Demand Notice or the accuracy or correctness of any documentation, fact or figures relied upon or stated therein.

Section 2.02. (a) The obligations of Nigeria under this Indemnity Agreement are irrevocable, absolute and unconditional irrespective of the value, genuineness, validity, regularity, legality or enforceability of NDPHC, NBET and/or Calabar's obligations under the GSA, Support Agreement, Reimbursement and Credit Agreement or Nigeria or any other Public Sector Entity's obligations under the Transaction Documents, and shall not be discharged except by performance and then only to the extent of such performance. Such obligations shall not be subject to any prior notice to, demand upon or action against the Company, the IDA PRG L/C Bank or any other person, or any prior notice to or demand upon Nigeria with regard to any failure by NDPHC or NBET to pay any amount in respect of which a Demand Notice is served on the Association pursuant to the IDA Guarantee Agreement. Such obligations shall not be impaired by any of the following: (i) any extension of time, forbearance, concession or other indulgence given to the Association, the Company, the IDA PRG L/C Bank or any other person; (ii) any variation of the IDA PRG L/C Bank or any Transaction Document or any other related agreement; (iii) any assertion of, or failure to assert, or delay in asserting, by any party to a Transaction Document, any right, power or remedy against Nigeria, NDPHC, Calabar, NBET, the Company or any other person, or in respect of any security for the IDA-Guaranteed Loan Amount (or any part thereof or interest thereon); or (iv) any other circumstances which would or might (but for this provision) constitute a release, discharge, defense or waiver for Nigeria.

(b) The Association may at any time, without thereby discharging, impairing or otherwise affecting any rights, powers and remedies hereby created or conferred upon it by any IDA Agreement or any other Transaction Document or any other related agreement or by law: (i) offer or agree to or enter into any agreement for the extension or variation of the IDA Guarantee Agreement, any Transaction Document or any other related agreement (except one which would increase the obligations of Nigeria under this Indemnity Agreement unless so agreed by Nigeria); and (ii) offer or give or agree to give any time or other indulgence to any person or entity other than Nigeria from whom it may seek reimbursement (at law or otherwise) in respect of sums paid out or liabilities incurred by the Association under the IDA Guarantee Agreement.

(c) Any rights conferred on the Association by this Indemnity Agreement shall be in addition to, and not in substitution for or derogation of, any other right that the Association may have at any time to seek from Nigeria, NDPHC, NBET, Calabar, the Company or any other person or entity, reimbursement of or indemnification against payments made or liabilities incurred by the Association arising from or in connection with the IDA Guarantee Agreement.

(d) The Association shall not be obliged before or after taking steps to enforce any rights conferred on it by this Indemnity Agreement or exercising any of the rights, powers and remedies conferred upon the Association by the IDA Agreements, or any other Transaction Document, or any other related agreement or by law: (i) to take action or obtain judgment or award in any court or tribunal of competent jurisdiction against any other person (including persons from whom it may seek reimbursement in respect of sums paid out or liabilities incurred pursuant to the IDA Guarantee Agreement); or (ii) to enforce or seek to enforce any other rights it may have against Nigeria or its rights against or security given by any other person to the Association.

Section 2.03. Any payment required to be made by Nigeria pursuant to the terms of this Indemnity Agreement shall be applied first, to pay all interest and other charges due to the Association and second, after such interest and other charges are paid, to pay all other amounts then due to the Association under this Indemnity Agreement.

ARTICLE III Project-Related Covenants

Section 3.01. Without limitation or restriction upon any of its other obligations under this Indemnity Agreement, Nigeria hereby undertakes to the Association to punctually perform all of its obligations under the Transaction Documents and to cause each of NDPHC, NBET, and each relevant Public Sector Entity to punctually perform all of its obligations under the relevant Transaction Documents to which it is a party.

Section 3.02. Nigeria shall not take, or permit NDPHC, NBET or any other Public Sector Entity to take, any action which would prevent or interfere with the performance by Nigeria or any such Public Sector Entity of any of its material obligations under the Transaction Documents (or any other related agreement) to which it is a party and in respect of which the Association has issued the IDA Guarantee Agreement, and Nigeria shall notify and cause NDPHC, NBET and each such Public Sector Entity to notify the

Association prior to agreeing to any material amendment, waiver, termination or other change to any Transaction Document to which Nigeria, NDPHC, NBET or any Public Sector Entity is a party and in respect of which the Association has issued the IDA Guarantee Agreement, and shall obtain the written consent of the Association prior to agreeing to any such material amendment, waiver, termination or other change to such an agreement or undertaking which would or could in the opinion of the Association materially affect the rights or obligations of the Association under the IDA Agreements or any other Transaction Document (including any assignment, transfer, novation, abrogation, granting of security over or other disposition of any rights or obligations under such agreements).

Section 3.03. Nigeria shall, and shall cause NDPHC, NBET and each other Public Sector Entity performing obligations under or related to the Transaction Documents or related agreements or undertakings, to promptly: (i) notify and provide to the Association copies of any notices, claims, demands, reimbursements or recoveries under the Support Agreement or the Reimbursement and Credit Agreement that could result or relate to actions to enforce the payment of any IDA-Guaranteed Loan Amount, or any other notices issued or received by a Public Sector Entity under the Transaction Documents; and (ii) notify the Association of any event or circumstance which would or could adversely affect Nigeria's, NDPHC's, NBET's, or a Public Sector Entity's ability to perform its obligations or exercise its rights under the Transaction Documents.

Section 3.04. Nigeria shall take all lawful actions within its power to remedy and cure any of the events referred to in Sections 3.02 and 3.03 within Nigeria's, NDPHC's, NBET's, or a Public Sector Entity's control or responsibility, that would or could result in the breach or termination of any of the relevant Transaction Documents.

Section 3.05. Nigeria shall not create or permit to exist or occur, and shall ensure that neither NDPHC, nor NBET, nor any other Public Sector Entity shall create or permit to exist or occur, any circumstance or Change in Law that would render obligations under a relevant Transaction Document illegal, invalid, unenforceable, ineffective or void in whole or part. If such circumstance or Change in Law exists or occurs, Nigeria shall take all lawful actions within its power to remedy and cure, or to procure that NDPHC, NBET or the appropriate Public Sector Entity remedies and cures, the adverse effect on the Project of such circumstance or Change in Law.

Section 3.06. Nigeria shall:

(a) cause NDPHC, and following the assumption of obligations under the Support Agreement and Reimbursement and Credit Agreement by NBET, cause NBET to:

- (i) keep records and related information pertaining to gas made available to Calabar under the GSA, invoices received from the Company under the GSA, payments made by NDPHC/NBET to the Company under the GSA in accordance with the Support Agreement, defaults on payments by NDPHC/NBET under the GSA and/or the Support Agreement (as applicable), any other material notices issued or received by the Company under the

GSA, any demands or notices received or issued by the Company under the Support Agreement, payments made by NDPHC/NBET to the IDA PRG LC Bank under the Reimbursement and Credit Agreement, and any other demands or notices received or issued by NDPHC/NBET under the Reimbursement and Credit Agreement;

- (ii) furnish to IDA (i) as soon as available, but in any case not later than ninety (90) days after the end of each financial year, certified copies of its audited financial statements for such year, prepared by independent auditors, and (ii) promptly upon written request by IDA all financial, technical, environmental, social and other information as IDA may from time to time reasonably request, including, but not limited to, any progress or status report of the Project, records and related information pertaining to gas made available by the Company under the GSA, invoices received from the Company under the GSA, payments made by NDPHC/NBET to the Company under the GSA pursuant to the Support Agreement, and defaults on payments by NDPHC/NBET under the Support Agreement (as applicable);
- (iii) upon reasonable notice and at no charge for access, afford IDA and its representatives access during normal business hours to the managers and senior staff of NDPHC/NBET, and such other staff as are designed by them as having knowledge of matters with respect to which IDA seeks information;
- (iv) promptly notify the Association of any proposed changes to the GSA, the Support Agreement or the Reimbursement and Credit Agreement;
- (v) promptly notify the Association of the termination of the GSA or any notice of termination of the GSA; and
- (vi) comply with its obligations under the Cooperation Agreement.

(b) cause NDPHC directly or through its subcontractors, to construct and operate the Pipeline in accordance with the Environmental and Social Impact Assessment and comply with its obligations under the Applicable World Bank Safeguards Policies;

(c) take all actions that shall be necessary on its part or on the part of any other Public Sector Entity to enable the Company to perform all of its obligations under the IDA Agreements and the other Transaction Documents;

(d) promptly notify the Association of any proposed privatization, dissolution, change in control or change in the ownership structure of NDPHC or NBET; and

(e) not take or permit to be taken any action that would prevent or interfere with the Company's performance of its obligations under the Transaction Documents.

Section 3.07. Nigeria: (i) affirms to the Association that no Sanctionable Practices have been engaged in by any official or representative of Nigeria or any Public Sector Entity; and (ii) covenants that neither it nor any Public Sector Entity shall engage in Sanctionable Practices during and with respect to, the performance of any contract or activity related to the Project.

Section 3.08. Without prejudice to Sections 4.10 and 5.01 of the General Conditions, Nigeria shall, upon request, promptly provide the Association all information necessary, in the reasonable opinion of the Association, for the Association's review of Nigeria's performance of its covenants pursuant to Sections 3.06 and 3.07 above.

ARTICLE IV Remedies of the Association

Section 4.01. In the event that: (i) Nigeria fails to make any payment to or to indemnify the Association as required pursuant to Section 2.01 of this Indemnity Agreement; (ii) Nigeria defaults in the performance of any of its obligations hereunder and such failure or default continues and remains uncured in the opinion of the Association for sixty (60) days or more after notice thereof shall have been given to Nigeria by the Association; or (iii) any material representation made by Nigeria in or pursuant to this Indemnity Agreement, or any material statement furnished in connection with this Indemnity Agreement and intended to be relied on by the Association in providing any IDA Guarantee, shall in the opinion of the Association have been incorrect in any material respect, the Association shall be entitled, in addition to any other rights and remedies it may have, to suspend or cancel in whole or in part Nigeria's right to make withdrawals under any development credit agreement or financing agreement between the Association and Nigeria or under any loan or guarantee between the Bank and Nigeria, or to declare the outstanding principal and interest of any such credit or loan due and payable immediately.

ARTICLE V Effective Date

Section 5.01. This Indemnity Agreement shall come into force and effect as of the day and year first above written.

ARTICLE VI
Miscellaneous Provisions

Section 6.01. The Minister of Finance of Nigeria is hereby designated as representative of Nigeria for the purposes of Section 9.02 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of Section 9.01 of the General Conditions:

For Nigeria:

Address: The Honorable Minister
Federal Ministry of Finance
P.M.B 14
Ahmadu Bello Way
Central Business Area
Garki, Abuja
Nigeria

Attention: Director, International Economic Relations
Facsimile: 234 9 6273609
Telephone: +2348055798172

For the Association:

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

Attention: Vice President, Africa Region
Facsimile: +1 202 477 6391

With a copy to: Manager (Financial Solutions)
Facsimile: +1 202 522 0761

With a copy to: Sector Manager Energy, Africa Region
Facsimile: +1 202 477 6391

Section 6.03. This Agreement constitutes the entire understanding and agreement between Nigeria and the Association with respect to the transactions arising in connection with the GSA, the Support Agreement, the IDA Guarantee Agreement and the IDA PRG L/C, and supersedes all prior written or oral understandings and agreements between Nigeria and the Association with respect to the matters addressed in this Agreement.

[THE NEXT PAGE IS THE SIGNATURE PAGE]

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Indemnity Agreement to be signed in their respective names in Abuja, Nigeria as of the day and year first above written.

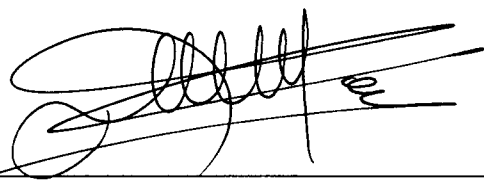
FEDERAL REPUBLIC OF NIGERIA

By:  _____
Authorized Representative

Name (printed): KEMI ADEGSON (MRS)

Title: HONOURABLE MINISTER OF FINANCE

INTERNATIONAL DEVELOPMENT ASSOCIATION

By:  _____
Authorized Representative

Name (printed): RACHID BENMESSAOUD

Title: COUNTRY DIRECTOR FOR NIGERIA.

ANNEX 1

ANTI-CORRUPTION GUIDELINES FOR WORLD BANK GUARANTEE CARBON FINANCE TRANSACTIONS

The purpose of these Guidelines is to clarify the meaning of the terms “Corrupt Practices,” “Fraudulent Practices,” “Coercive Practices,” “Collusive Practices” and “Obstructive Practices” in the context of World Bank Guarantee (Partial Risk Guarantee and Partial Credit Guarantee) operations.

1. CORRUPT PRACTICES

A “Corrupt Practice” is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party.

INTERPRETATION

A. Corrupt practices are understood as kickbacks and bribery. The conduct in question must involve the use of improper means (such as bribery) to violate or derogate a duty owed by the recipient in order for the payor to obtain an undue advantage or to avoid an obligation. Antitrust, securities and other violations of law that are not of this nature are excluded from the definition of corrupt practices.

B. It is acknowledged that foreign investment agreements, concessions and other types of contracts commonly require investors to make contributions for bona fide social development purposes or to provide funding for infrastructure unrelated to the project. Similarly, investors are often required or expected to make contributions to bona fide local charities. These practices are not viewed as Corrupt Practices for purposes of these definitions, so long as they are permitted under local law and fully disclosed in the payor's books and records. Similarly, an investor will not be held liable for corrupt or fraudulent practices committed by entities that administer bona fide social development funds or charitable contributions.

C. In the context of conduct between private parties, the offering, giving, receiving or soliciting of corporate hospitality and gifts that are customary by internationally-accepted industry standards shall not constitute corrupt practices unless the action violates applicable law.

D. Payment by private sector persons of the reasonable travel and entertainment expenses of public officials that are consistent with existing practice under relevant law and international conventions will not be viewed as Corrupt Practices.

E. The World Bank Group does not condone facilitation payments. For the purposes of implementation, the interpretation of “Corrupt Practices” relating to facilitation payments will take into account relevant law and international conventions pertaining to corruption.

2. FRAUDULENT PRACTICES

A “Fraudulent Practice” is any action or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial benefit or to avoid an obligation.

INTERPRETATION

A. An action, omission, or misrepresentation will be regarded as made recklessly if it is made with reckless indifference as to whether it is true or false. Mere inaccuracy in such information, committed through simple negligence, is not enough to constitute a “Fraudulent Practice” for purposes of World Bank Group sanctions.

B. Fraudulent Practices are intended to cover actions or omissions that are directed to or against a World Bank Group entity. It also covers Fraudulent Practices directed to or against a World Bank Group member country in connection with the award or implementation of a government contract or concession in a project financed by the World Bank Group. Frauds on other third parties are not condoned but are not specifically sanctioned in World Bank Guarantee operations. Similarly, other illegal behavior is not condoned, but will not be sanctioned as a Fraudulent Practice under the World Bank sanctions program as applicable to World Bank Guarantee operations.

3. COERCIVE PRACTICES

A “Coercive Practice” is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.

INTERPRETATION

A. Coercive Practices are actions undertaken for the purpose of bid rigging or in connection with public procurement or government contracting or in furtherance of a Corrupt Practice or a Fraudulent Practice.

B. Coercive Practices are threatened or actual illegal actions such as personal injury or abduction, damage to property, or injury to legally recognizable interests, in order to obtain an undue advantage or to avoid an obligation. It is not intended to cover hard bargaining, the exercise of legal or contractual remedies or litigation.

4. COLLUSIVE PRACTICES

A “Collusive Practice” is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party.

INTERPRETATION

Collusive Practices are actions undertaken for the purpose of bid rigging or in connection with public procurement or government contracting or in furtherance of a Corrupt Practice or a Fraudulent Practice.

5. OBSTRUCTIVE PRACTICES

An "Obstructive Practice" is: (i) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making of false statements to investigators, in order to materially impede a World Bank Group investigation into allegations of a corrupt, fraudulent, coercive or collusive Practice, and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; or (ii) acts intended to materially impede the exercise of the World Bank's access to contractually required information in connection with a World Bank Group investigation into allegations of a corrupt, fraudulent, coercive or collusive Practice.

INTERPRETATION

Any action legally or otherwise properly taken by a party to maintain or preserve its regulatory, legal or constitutional rights such as the attorney-client privilege, regardless of whether such action had the effect of impeding an investigation, does not constitute an Obstructive Practice.

GENERAL INTERPRETATION

A person should not be liable for actions taken by unrelated third parties unless the first party participated in the prohibited act in question.