Financing Agreement

(Better Education Service Delivery for All Operation)

between

FEDERAL REPUBLIC OF NIGERIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated September 2017
FINANCING AGREEMENT

AGREEMENT dated 29th April, 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 an amount equivalent to four hundred forty-five million seven hundred thousand Special Drawing Rights (SDR 445,700,000), out of which: (a) the amount of four hundred twenty-one million six hundred thousand Special Drawing Rights (SDR 421,600,000) shall be allocated to the Program which constitutes an integral part of the Operation (variously, "Program Credit" and "Program Financing"); and (b) the amount of twenty-four million one hundred thousand Special Drawing Rights (SDR 24,100,000) shall be allocated to the Project which constitutes an integral part of the Operation (variously, the "Project Credit" and "Project Financing") (collectively, "Operation Financing"), to assist in financing the operation described in Schedule 1 to this Agreement ("Operation").

2.02. The Recipient may withdraw: (a) the proceeds of the Program Financing in accordance with Section IV of Schedule 2 to this Agreement; and (b) the proceeds of the Project Financing in accordance with Section IV of Schedule 3 to this Agreement. All withdrawals from the Program Financing Account and Project 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 Program Financing Balance and the Unwithdrawn Project 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 Program Credit Balance and the Withdrawn Project 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 Program Credit Balance and Withdrawn Project Credit Balance shall be equal to one and a quarter percent (1.25%) per annum.

2.06. The Payment Dates are February 1 and August 1 in each year.

2.07. The principal amount of the Program Credit and the Project Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 4 to this Agreement.

2.08. The Payment Currency is Dollar.

ARTICLE III — OPERATION

3.01. The Recipient declares its commitment to the objectives of the Operation. To this end, the Recipient shall carry out the Operation or cause the Operation 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 Operation is carried out in accordance with the provisions of Schedules 2 and 3 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 Operation and/or any activity implemented pursuant to the Program Action Plan.

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 — TERMINATION

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

5.02. 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: 248423 (MCI)
   Facsimile: 1-202-477-6391
AGREED at Abuja, Nigeria, as of the day and year first above written.

FEDERAL REPUBLIC OF NIGERIA

By:

[Signature]

Authorized Representative

Name: KEMI ADEOSUN (MRS)

Title: HONOURABLE MINISTER OF FINANCE

INTERNATIONAL DEVELOPMENT ASSOCIATION

By:

[Signature]

Authorized Representative

Name: Radhid Benmessaud

Title: Country Director
SCHEDULE 1

Operation Description

The objective of the Operation is to increase equitable access for out-of-school children and improve literacy in Focus States, and strengthen accountability for results, in basic education in the Recipient's territory.

The Operation consists of the following:

Part A: The Program

The Program forms part of the Recipient's UBE Program and consists of the following activities:

1. **Increasing Equitable Access for Out-of-School Children in Focus States** through a mix of demand- and supply-side interventions targeting relevant Focus State out-of-school populations, including *inter alia*, conditional cash transfers, school feeding, gender-divided latrines, deployment of female teachers, integration of core basic education subjects into non-formal education, provision of mobile classrooms, and expansion, reconstruction, and rehabilitation of school infrastructure.

2. **Improving Literacy in Focus States** through launch or roll-out of intensive Primary 1-3 literacy programs, including provision of language textbooks and teachers' guides, regular assessment of student progress, and regular coaching for teachers.

3. **Strengthening Accountability for Results in the Recipient's territory** through implementation of the Annual School Census, preparation of State progress reports and plans on UBE implementation, and evidence-based UBE program strategic planning, progress reports, and evaluation.

Part B: The Project - Technical Assistance

Provision of goods, technical assistance, Training, and Operating Costs, to support implementation of the Program and strengthen capacity of the Recipient (including the States) to: (a) improve monitoring and evaluation systems and data utilization (including hiring the Independent Verification Agent(s) responsible for verifying DLRs); (b) increase effectiveness and transparency in Program management (including focusing on results and budgeting); (c) strengthen intergovernmental coordination in areas of policy formulation, strategic planning, and Program implementation; and (d) support for: (i) the design and implementation of a national learning assessment; (ii) a research agenda to inform the current Program and provide the analytical underpinning for future initiatives focused on out-of-school children and improving the quality of basic education; and (iii) a communication and outreach agenda.
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 Program Financing proceeds are used for their intended purposes, with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability; and

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 Association's "Guidelines on Preventing and Combating Fraud and Corruption in Program-for Results Financing", dated February 1, 2012, and revised July 10, 2015 ("Program Anti-Corruption Guidelines").

C. On-financing Arrangements

1. To facilitate the carrying out of the Program, the Recipient shall make the proceeds of the Program Financing available to institutions and entities involved in Program implementation, including the States, on a non-reimbursable grant basis, in accordance with the Recipient's standard arrangements for education sector financing.

2. Notwithstanding paragraph 1 above, in the event that any provision of this Agreement, including the instructions that the Association shall have specified by notice to the Recipient pursuant to Section IV.A.1 of this Schedule, were to be found inconsistent with the Recipient's standard arrangements for education sector financing, the provisions of this Agreement and related instructions shall govern.
3. The Recipient shall protect its own interests and the interests of the Association while implementing the on-financing arrangements, in order to accomplish the purposes of the Program.

D. 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 Operation Implementation Manual, including the following:

(a) FME shall be responsible for overall policy formulation and coordination for the Program;

(b) a National Policy and Monitoring Team ("NPMT") shall be constituted by the FME no later than three (3) months after the Effective Date to be responsible for overseeing the Operation;

(c) UBEC shall be responsible for overall implementation of the Program;

(d) a UBEC National Coordination Team shall provide overall guidance for implementation of the Operation with support from a Coordination Support Team (CST); and

(e) State Implementation Teams at the SUBEBs shall perform the respective monitoring, reporting, and implementation functions.

E. Operation Implementation Manual

1. No later than three (3) months after the Effective Date, the Recipient shall prepare an Operation Implementation Manual in form and substance satisfactory to the Association, containing detailed arrangements and procedures for implementation of the Program and the Project including inter alia: (a) disbursement and flow of funds arrangements; (b) institutional arrangements; (c) financial management, governance and procurement systems; (d) environmental and social management systems including the ESSA and operation of grievance redress mechanism; (e) monitoring and evaluation, reporting and communication, including Program and Project 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 Operation.
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 ("Operation Implementation Manual").

3. The Recipient shall ensure, and shall cause each State to ensure, that the Program is carried out in accordance with the arrangements and procedures set out in the OIM (provided, however, that in case of any conflict between the arrangements and procedures set out in the OIM 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 OIM 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 three (3) months after the Effective Date or such later date as may be agreed with the Association, the Recipient (through FMF) 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 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 I 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

For the purposes of the Program 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 Program 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 ("Disbursement Linked Results" or "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 Program Financing (including the Disbursement Linked Indicators as applicable) ("Category for the Program"), the Disbursement Linked Results for each Category for the Program (as applicable), and the allocation of the amounts of the Program Financing to each Category for the Program:
<table>
<thead>
<tr>
<th>Category for the Program (including Disbursement Linked Indicator as applicable)</th>
<th>Amount of Program Financing Allocated (expressed in SDR)</th>
<th>DLI Baseline</th>
<th>DLRs to be achieved FY2017</th>
<th>DLRs to be achieved FY 2018</th>
<th>DLRs to be achieved FY 2019</th>
<th>DLRs to be achieved FY 2020</th>
<th>DLRs to be achieved FY2021</th>
<th>DLRs to be achieved FY 2022</th>
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<tr>
<td>(1) DLI 1</td>
<td>Reduced number of out of school children in Focus States, by gender</td>
<td>249,100,000 Baselines are based on NEDS 2015: Adamawa 239,562; Bauchi 1,031,524; Borno 1,229,425; Gombe 453,030; Taraba 285,767; Yobe 658,770; Jigawa 764,586; Kaduna 727,766; Kano 1,307,106; Katsina 1,135,379;</td>
<td>Mapping completed of out-of-school children by LGA and type of population (girls, almajiri children, nomadic children, IDPs, other); Target set for reduction in number of out-of-school children by 1,000 children in one year</td>
<td>Decrease in the number of out-of-school children relative to previous year</td>
<td>Minimum: One Focus State decreases number of out-of-school children by 1,000 children in one year</td>
<td>Minimum: One Focus State decreases number of out-of-school children by 1,000 children in one year</td>
<td>Minimum: One Focus State decreases number of out-of-school children by 1,000 children in one year</td>
<td>Minimum: One Focus State decreases number of out-of-school children by 1,000 children in one year</td>
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<td>Kebbi</td>
<td>Sokoto</td>
<td>Zamfara</td>
<td>Niger</td>
<td>Ebonyi</td>
<td>Oyo</td>
<td>Rivers</td>
<td>data and out-of-school children mapping</td>
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<td>814,945</td>
<td>925,621</td>
<td>802,049</td>
<td>513,693</td>
<td>52,759</td>
<td>272,847</td>
<td>110,654</td>
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| Allocated amount: | 1,460,000 per Focus State | SDR 73 per female and SDR 58 per male child attending school | SDR 73 per female and SDR 58 per male child attending school | SDR 73 per female and SDR 58 per male child attending school | SDR 73 per female and SDR 58 per male child attending school |

<p>| (2) DLI 2 States adopting Primary 1-3 intensive literacy programs in Focus States | 87,500,000 | 0 | States' selected literacy program approved, selection of participating schools by LGA completed | Number of students and teachers participating in intensive literacy programs in Primary 1 | Number of students and teachers participating in intensive literacy programs in Primary 1, 2, and 3 | Number of States with more than 50% of primary schools adopting intensive literacy programs in | N/A |</p>
<table>
<thead>
<tr>
<th>Allocated amount:</th>
<th>SDR 730,000 per Focus State</th>
<th>SDR 3.6 per participating student and SDR 219 per participating teacher</th>
<th>SDR 3.6 per participating student and SDR 219 per participating teacher</th>
<th>SDR 3.6 per participating student and SDR 219 per participating teacher</th>
<th>States with more than 50% of primary schools adopting intensive literacy programs in P1-3 receive SDR 219,000 per State</th>
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<tr>
<td>(3) DL1 3</td>
<td>Baselines are based on 2015 NEDS for Focus States: Adamawa</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>Two percentage point increase in State literacy rate above 3 NEDS value</td>
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<td>2015 NEDS baseline</td>
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<td>Bauchi</td>
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<td>Borno</td>
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<td>Taraba</td>
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<td>Jigawa</td>
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<td>Kaduna</td>
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<td>Ebonyi</td>
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<td>Rivers</td>
<td>85.8</td>
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<td>Oyo</td>
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<td>Allocated amount:</td>
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<td>N/A</td>
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<td>SDR 730,000 per 2 percentage point increase in State literacy rate from baseline, starting at a minimum increase of 2 percentage points</td>
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<td>(4) DLI 4</td>
<td>15,300,000</td>
<td>17</td>
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<td>36 States and FCT publish ASC States with at least 10% of schools verified by SBMCs greater than the percentage in year 1 receive bonus</td>
<td>17</td>
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</table>

Total States implementing and publishing the Annual School Census (ASC), verified by SBMCs

States with at least 10% of schools verified by SBMCs greater than the percentage in year 1 receive bonus

States with at least 10% of schools verified by SBMCs greater than the percentage in year 3 receive bonus
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<th></th>
<th>Allocated amount:</th>
<th>N/A</th>
<th>SDR 22 per school</th>
<th>SDR 73,000 per State</th>
<th>SDR 7,300 per State</th>
<th>SDR 7,300 per State</th>
<th>SDR 7,300 per State</th>
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<td><strong>(5) DLI 5</strong></td>
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<td><strong>States’ annual plans</strong></td>
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<td>SDR 421,600,000</td>
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<td>SDR 153,000 per State</td>
<td>SDR 109,000 per State</td>
<td>SDR 109,000 per State</td>
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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 37,200,000 may be made for such DLRs achieved prior to this date but on or after January 1, 2017;

   (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; or

   (c) for a DLR related to a DLI for a FY under Categories for the Program 1, 2, 3, 4, 5, unless the Recipient has furnished evidence satisfactory to the Association that: (i) an aggregate amount equivalent to the amount of Program Financing withdrawn in respect of the DLR under said Category for the previous FY was, as applicable, transferred to the States, in a timely manner in accordance with the provisions of this Agreement; and (ii) for said FY each State has received the amount of the Program 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 each 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 fifteen percent (15%) of the amount of the Program Financing as an advance for achievement in DLIs 1, 2, and 3, in FY2017-FY2018; 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 for the Program 1, 2, 3, 4, 5, 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 Program 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 Program Financing then allocated to said DLR.

5. The Closing Date of the Operation is October 31, 2022.

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 for the Program 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 for the Program. The Association shall cancel the refunded amount of the Withdrawn Financing Balance for the Program.
SCHEDULE 3
Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

The Recipient shall carry out the Project (including the procurement and financial management aspects) through the FME and UBEC in accordance with the procedures and arrangements set forth in the Operation Implementation Manual.

B. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Association's "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants" dated October 15, 2006 and revised in January 2011, and as of July 1, 2016 ("Project Anti-Corruption Guidelines).

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

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 on the basis of indicators acceptable to the Association. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than forty-five (45) calendar days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain a financial management system in accordance with the provisions of Section 4.09 of the General Conditions for the Project.

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) calendar 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.

Section III. Procurement

All goods, non-consulting services and consulting services required for Part B of the Project and to be financed out of the proceeds of the Project Financing shall be
procured in accordance with the requirements set forth or referred to in the Procurement Regulations and the provisions of the Procurement Plan.

Section IV. Withdrawal of Project Financing Proceeds

A. General

1. The Recipient may withdraw the proceeds of the Project 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 “Disbursement Guidelines for Investment Project Financing” dated February 2017, 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 Project Eligible Expenditures that may be financed out of the proceeds of the Project Financing (“Eligible Expenditures Category for the Project”), the allocations of the amounts of the Project Financing to each Eligible Expenditure Category for the Project:

<table>
<thead>
<tr>
<th>Category for the Project</th>
<th>Amount of the Project Financing Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
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<tr>
<td>(1) Goods, non-consulting services, consulting services, Training and Operating Costs for the Project</td>
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<td>100%</td>
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<td>TOTAL AMOUNT</td>
<td>24,100,000</td>
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B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement.
**SCHEDULE 4**

Repayment Schedule

<table>
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<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
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<tr>
<td>On each February 1 and August 1:</td>
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<td>commencing August 1, 2022 to and including February 1, 2032</td>
<td>1.65%</td>
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<tr>
<td>commencing August 1, 2032 to and including February 1, 2042</td>
<td>3.35%</td>
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* 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. "Annual School Census" or "ASC" each means the Recipient's collated State report using a unified data questionnaire to collect data for every pre-primary, primary, junior secondary, and senior secondary school in the Recipient's territory. This report includes data on schools and their characteristics, student enrolment, and staff.

2. "Annual State Basic Education Plan and Progress Report" means a plan that is informed by baseline information from the Annual School Census and data on budget allocations, and lays out quantitative objectives on access and quality of basic education based on progress achieved in previous years.

3. "Category for the Program" means a category set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.

4. "Category for the Project" means a category set forth in the table in Section IV.A.2 of Schedule 3 to this Agreement.

5. "Coordination Support Team" and "CST" each means the team referred to in Section I.D.1(d) of Schedule 2 to this Agreement.

6. "Disbursement Linked Indicator" or "DLI" each means in respect of a given Category for the Program, 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 for the Program, 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 Program 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. "Education Sector Planning" means the Recipient's wider plan that covers all levels of education, including basic education.
11. "ESSA" means the Environmental and Social System Assessment dated May 15, 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.


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

14. "FME" means the federal ministry of the Recipient responsible for education or any successor thereto.

15. "Federal Ministry of Finance" or "FMF" each means the federal ministry of the Recipient responsible for finance or any successor thereto.

16. "Focus State" means a State eligible to participate in the Program (results areas 1 and 2), and the Project, based on eligibility criteria set forth in the Operation Implementation Manual and “Focus States” means more than one Focus State as applicable.

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

18. "IDPs" means internally displaced persons.

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

20. "LGA" means local government authority established and operating in the territory of each State pursuant to the laws of the Recipient and the State.

21. “Medium Term Sector Strategy” or “MTSS” each means a 3-year sector financing strategy that feeds into a country-wide medium-term expenditure framework.

22. “Minister of Education” means the Recipient’s Minister of Education.

23. “MSP” means the Ministerial Strategic Plan 2016-2019 of FME.


25. “National Policy and Monitoring Team” or “NPMT” each means the team referred to in Section I.D.1(b) of Schedule 2 to this Agreement.
26. “Operation” means the activities financed under the Program and the Project, as defined in Schedule 1 to this Agreement.

27. “Operating Costs” means the incremental and reasonable expenditures incurred by the Recipient and the States for the implementation, coordination and supervision of the Project, including, inter alia, travel costs (i.e., accommodation, transportation, travel insurance and per diem), operation and maintenance of office equipment, rental of offices, office supplies, communication costs, bank charges, utilities, car fuel, printing and publications (electronic and/or paper), translation services, insurance for goods, and salaries of staff working for the Project, but excluding salaries of the Recipient’s civil servants and/or permanent employees, and such other expenditures as may be agreed upon by the Association.

28. “Operation Financing” means the Program Credit and the Project Credit.

29. “Operation Implementation Manual” or “OIM” each means the manual for the implementation of the Program and the Project 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.

30. “Primary 1-3” means the first 3 grades of primary education.

31. “Procurement Plan” means the Recipient’s procurement plan for Part B of the Operation (the Project), dated May 5, 2017, and provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the Association.


33. “Program” means the activities described in Part A of Schedule 1 to this Agreement.

34. “Program Anti-Corruption Guidelines” means the Guidelines referred to in Section I.B. of Schedule 2 to this Agreement.

35. “Project Anti-Corruption Guidelines” means the Guidelines referred to in Section I.B. of Schedule 3 to this Agreement.

36. “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.
37. "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.

38. “Project” means the activities described in Part B of Schedule 1 to this Agreement.

39. “Q” means quarter.

40. “SBMCs” means school-based management committees.

41. “SME” means the Recipient’s ministry of a State responsible for education or any successor thereto.

42. “State” means any of the thirty-six (36) states of the Recipient and the FCT, Abuja as defined in Articles 2 and 3 of the Constitution of the Federal Republic of Nigeria 1999, eligible to participate in the Program (results area 3), and the Project, as set forth in the OIM, and “States” refers to more than one State, as applicable.

43. “State Implementation Teams” means the teams referred to in Section I.D.1(e) of Schedule 2 to this Agreement.

44. “SUBEB” means a State Universal Basic Education Board or any successor thereto.

45. “Training” means expenditures (other than those for consulting services) incurred by the Recipient and the States to finance the reasonable travel costs (i.e., accommodation, transportation, travel insurance and *per diem, inter alia*) of trainees and trainers (if applicable), training registration fees, catering, rental of training facilities and equipment, logistics and printing services, as well as training materials, all for the purposes of, and directly related to, the activities described in the Project.

46. “UBE” means universal basic education.

47. “UBE Act of 2004”, means the Recipient’s act whereby the Recipient has committed to free, compulsory, and universal basic education and earmarked fiscal resources to such end, as further reiterated under the MSP.


49. “UBEC” means the Universal Basic Education Commission, an executive agency of the Recipient, established on October 7, 2004, and responsible for the implementation of the UBE Program.

50. “UBEC National Coordination Team” means the team referred to in Section I.D.1(d) of Schedule 2 to this Agreement.
Section II. Modifications to the General Conditions applicable to the Program

The modifications to the General Conditions are as follows:

1. Wherever used throughout the General Conditions, the term "the Credit" is modified to read "the Program Credit", the term "the Credit Account" is modified to read "the Program Credit Account", the term "the Financing" is modified to read "the Program Financing", the term "the Financing Account" is modified to read "the Program Financing Account", the term "the Financing Payment" is modified to read "the Program Financing Payment", 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"; the term "Eligible Expenditures" is modified to read "Program Expenditures", the term "the Unwithdrawn Credit Balance" is modified to read "the Unwithdrawn Program Credit Balance", the term "the Unwithdrawn Financing Balance" is modified to read "the Unwithdrawn Program Financing Balance"; and the term "the Withdrawn Credit Balance" is modified to read "the Withdrawn Program Credit Balance".

2. The terms "Program Financing Account", "Withdrawn Program Credit Balance", and "Program Financing Payments" have the meanings ascribed to them in the General Conditions applicable to the Program. The terms "Withdrawn Project Credit Balance", "Project Financing Payments", and "Project Financing Account" have the meanings ascribed in the General Conditions applicable to the Project.

3. In the Table of Contents, the references to Sections, Section names and Section numbers are modified to reflect the amendments set out below.

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

5. 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.

6. The section 2.03 (originally numbered as Section 2.04), Designated Accounts is deleted in its entirety, and the subsequent Sections in Article II are renumbered accordingly.

7. 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 Program Financing in accordance with the provisions of the Legal Agreements;"

8. 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."

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

10. 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 Program Credit Balance at the rate specified in the Financing Agreement. The Service Charge shall accrue from the respective dates on which amounts of the Program 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 Program Credit Balance at the rate specified in the Financing Agreement. Interest shall accrue from the respective dates on which amounts of the Program 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."

11. 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 Program Financing Balance."

12. The first paragraph of Section 6.02, Suspension by the Association, is modified to read: "If any of the events specified in paragraphs (a) through (m) of this Section occurs and is continuing, the Association may, by notice to the Recipient, suspend in whole or in part the right of the Recipient to make withdrawals from the Program.
Financing Account and the Project Financing Account. Such suspension shall continue until the event (or events) which gave rise to suspension has (or have) ceased to exist, unless the Association has notified the Recipient that such right to make withdrawals has been restored."

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

14. 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.

15. The first paragraph of Section 6.05, (originally numbered as Section 6.06), Events of Acceleration, is modified to read: "If any of the events specified in paragraphs (a) through (f) of this Section occurs and continues for the period specified (if any), then at any subsequent time during the continuance of the event, the Association may, by notice to the Recipient, declare all or part of the Withdrawn Program Credit Balance and Withdrawn Project Credit Balance as at the date of such notice to be due and payable immediately together with any other Program Financing Payments and Project Financing Payments due under the Financing Agreement or these General Conditions. Upon any such declaration, such Withdrawn Program Credit Balance, Withdrawn Project Credit Balance, Program Financing Payments and Project Financing Payments shall become immediately due and payable."

16. Section 8.05(a), Termination of Legal Agreements on Full Payment, is modified to read: Subject to the provisions of paragraphs (b) and (c) of this Section, the Legal Agreements and all obligations of the parties under the Legal Agreements shall forthwith terminate upon full payment of the Withdrawn Program Credit Balance, the Withdrawn Project Credit Balance and all other Program Financing Payments and Project Financing Payments due.

17. 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".

18. 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)."

19. Renumbered paragraph 37 (originally paragraph 36) of the Appendix ("Payment
20. 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).

21. Paragraph 50 of the Appendix ("Special Commitment") is deleted in its entirety, and all subsequent paragraphs are renumbered accordingly.

Section III. Modifications to the General Conditions applicable to the Project

The modifications to the General Conditions for the Project are as follows:

1. Wherever used throughout the General Conditions, the term "the Credit" is modified to read "the Project Credit", the term "the Credit Account" is modified to read "the Project Credit Account", the term "the Financing" is modified to read "the Project Financing", the term "the Financing Account" is modified to read "the Project Financing Account", the term "the Financing Payment" is modified to read "the Project Financing Payment", the term "the Unwithdrawn Credit Balance" is modified to read "the Unwithdrawn Project Credit Balance", the term "the Unwithdrawn Financing Balance" is modified to read "the Unwithdrawn Project Financing Balance"; and the term "the Withdrawn Credit Balance" is modified to read "the Withdrawn Project Credit Balance".

2. The terms "Program Financing Account", "Withdrawn Program Credit Balance", and "Program Financing Payments" have the meanings ascribed to them in the General Conditions applicable to the Program. The terms "Withdrawn Project Credit Balance", "Project Financing Payments", and "Project Financing Account" have the meanings ascribed in the General Conditions applicable to the Project.

3. 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 Project Credit Balance at the rate specified in the Financing Agreement. The Service Charge shall accrue from the respective dates on which amounts of the Project 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 Project Credit Balance at the rate specified in the Financing Agreement. Interest shall accrue from the respective dates on which
amounts of the Project 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."

4. The first paragraph of Section 6.02, Suspension by the Association, is modified to read: "If any of the events specified in paragraphs (a) through (m) of this Section occurs and is continuing, the Association may, by notice to the Recipient, suspend in whole or in part the right of the Recipient to make withdrawals from the Program Financing Account and the Project Financing Account. Such suspension shall continue until the event (or events) which gave rise to suspension has (or have) ceased to exist, unless the Association has notified the Recipient that such right to make withdrawals has been restored."

5. The first paragraph of Section 6.06, Events of Acceleration, is modified to read: "If any of the events specified in paragraphs (a) through (t) of this Section occurs and continues for the period specified (if any), then at any subsequent time during the continuance of the event, the Association may, by notice to the Recipient, declare all or part of the Withdrawn Program Credit Balance and Withdrawn Project Credit Balance as at the date of such notice to be due and payable immediately together with any other Program Financing Payments and Project Financing Payments due under the Financing Agreement or these General Conditions. Upon any such declaration, such Withdrawn Program Credit Balance, Withdrawn Project Credit Balance, Program Financing Payments and Project Financing Payments shall become immediately due and payable."

6. Section 8.05(a), Termination of Legal Agreements on Full Payment, is modified to read: Subject to the provisions of paragraphs (b) and (c) of this Section, the Legal Agreements and all obligations of the parties under the Legal Agreements shall forthwith terminate upon full payment of the Withdrawn Program Credit Balance, the Withdrawn Project Credit Balance and all other Program Financing Payments and Project Financing Payments due."

7. 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".

8. 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)."

9. 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".

10. 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).