
CREDIT NUMBER 6882-NG

Financing Agreement

(Nigeria Sustainable Urban and Rural Water
Supply, Sanitation and Hygiene Program)

between

FEDERAL REPUBLIC OF NIGERIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

CREDIT NUMBER 6882-NG

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between FEDERAL REPUBLIC OF NIGERIA ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form 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 a credit, which is deemed as Concessional Financing for purposes of the General Conditions, in an amount equivalent to Four Hundred and Ninety-Four Million Special Drawing Rights (SDR 494,000,000) (variously, "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.
- 2.03. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.
- 2.04. The Service Charge is three-fourths of one percent (3/4 of 1%) per annum on the Withdrawn Credit Balance.
- 2.05. The Interest Charge is one and a quarter percent (1.25%) per annum on the Withdrawn Credit Balance.
- 2.06. The Payment Dates are June 1 and December 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 Operation. To this end, the Recipient shall carry out the Operation, and cause the Program to be carried out by the Participating States, in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

- 4.01. The Additional Conditions of Effectiveness consist of the following:
- (a) The FPIU has been duly established in accordance with Section I.A.1.3 of Schedule 2 to this Agreement.
 - (b) The Operations Manual has been adopted in accordance with the provisions of Section I.C of Schedule 2 to this Agreement.
 - (c) All steps to be taken under the Program Action Plan and ESCP prior to effectiveness or the commencement of the implementation of the Operation shall have been taken, to the satisfaction of the Association.
- 4.02. The Effectiveness Deadline is the date one hundred and twenty (120) days after the Signature Date.
- 4.03. For purposes of Section 10.05(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 (20) years after the Signature Date.

ARTICLE V — REPRESENTATIVE; ADDRESSES

- 5.01. The Recipient's Representative is its minister responsible for finance.
- 5.02. For purposes of Section 11.01 of the General Conditions:
- (a) the Recipient's address is:

The Honourable Minister
Federal Ministry of Finance, Budget and National Planning
Ahmadu Bello Way
Central Business District
Abuja, Federal Republic of Nigeria; and
 - (b) the Recipient's Electronic Address is:

Facsimile:
234-9-2343609

5.03. For purposes of Section 11.01 of the General Conditions:

(a) the Association's address is:

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

(b) the Association's Electronic Address is:

Telex: 248423 (MCI) Facsimile: 1-202-477-6391

AGREED as of the Signature Date.

FEDERAL REPUBLIC OF NIGERIA

By



Authorized Representative

Name: Zainab Shamsuna Ahmed
Title: MINISTER OF FINANCE, BUDGET & NATIONAL PLANNING
Date: SEPTEMBER 17, 2021

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: Karoleen Whimp
Title: Acting Country Director
Date: SEPTEMBER 17, 2021

SCHEDULE 1

Program Description

The objectives of the Program are to increase access to water, sanitation, and hygiene services and to strengthen Sector Institutions in Participating States and Assisted States.

The Operation consists of a Program and a Project as follows:

A. Program

The Program consists of the following activities:

Part 1: Strengthened Sector Policies and Institutions for Improved Services

- (a) *Design of the National WASH Fund to Enable its Establishment.* Support to the FMWR for the establishment and implementation of the National WASH Fund to improve efficiency in public spending and service delivery through the inclusion of performance incentives and needs-based prioritization mechanisms to facilitate acceleration in the delivery of sustainable and climate-resilient WASH investment projects that are equitable, effective, efficient and economical in the use of investment, energy, and water resources, including financing for the critical steps of establishing and operationalizing the Fund, including an adequately staffed and equipped governing body but excluding capitalization of the Fund.
- (b) *State Policies and Institutions Strengthening.* Support to state- and local-level WASH policies and Sector Institutions to strengthen the policy, institutions and regulations (PIR) enabling environment through the development, adoption and implementation of State PIR Plans, against which progress will be assessed on an annual basis.

Part 2: Improved Access to Water Supply, Sanitation and Hygiene Services

- (a) *Performance Improvement Action Plans (PIAPs)* Preparation and implementation of PIAPs for Implementing Agencies setting out actions and performance targets aimed at improving their service quality and sustainability, against which progress will be assessed on an annual basis.
- (b) *Urban Water Supply.* Rehabilitation and small scale works to improve the optimization of existing infrastructure, including: (a) the expansion of access to improved water supply through installation of metered household connections, public standposts and water kiosks; (b) the

rehabilitation of water supply infrastructure to boost production, including the rehabilitation of production facilities and pump and treatment plant components replacement; (c) the improvement of power supply to production facilities, prioritizing the use of renewable energies and improvements in energy efficiency; (d) the rehabilitation of distribution networks, including leak detection and repairs; (e) the installation of bulk, zonal, commercial, and domestic meters; (f) the rehabilitation and furnishing of customer service centers, central stores, and electrical and mechanical workshops; (g) the expansion of water quality testing capacity through the renovation and construction of laboratories; (h) the development of water master plans; (i) the development of feasibility studies for selected urban centers; and (j) larger-scale works where required.

- (c) **Rural and Small-Town Water Supply.** Infrastructure development to increase sustainable access to improved water supply through the development of new and the rehabilitation of existing water points and schemes, prioritizing the use of solar energy; development of the capacity of Sector Institutions for effective infrastructure operations, management and maintenance through the provision of technical assistance and ongoing technical and financial support.
- (d) **Sanitation and Hygiene.** Support for the development and use of sanitation and hygiene services in urban and rural areas as well as small towns through the Clean Nigeria. Use the Toilet Campaign by means of: (a) household-level sanitation and hygiene activities; (b) provision of incentives to help the poorest households, with special provisions for households with persons with limited mobility, to access improved sanitation; and (c) Information, Education and Communication (IEC) activities to promote the development of local actors such as artisans and small businesses to participate in the delivery of sanitation products and services across the entire sanitation service chain. Construction of fecal sludge treatment plants to support the safe management of excreta in urban areas.
- (e) **WASH in Institutions and Public Spaces.** Construction and rehabilitation of water supply and sanitation facilities and handwashing stations in schools, healthcare facilities and public spaces, with a focus on child and women safety and comfort and adequate provisions for menstrual hygiene management (MHM).

B. Project

The Project consists of the following technical assistance activities:

1. **Sector Policy and Strategy Support to the FMWR.** Technical assistance to the FMWR in developing policies, guidelines, and strategies, and its capacity for overall program coordination and results-verification, including the development of: (a) advisory services for performance improvement of urban utilities, including through different types of PPP arrangements; (b) advisory services for the improvement of the WASH sector's intergovernmental systems, thereby optimizing the use of resources and focusing on performance; (c) a menu of technology options and standard guidelines for the construction and rehabilitation of WASH facilities, with special consideration given to water source and environmental protection, water quality standards, gender and disability inclusion, climate adaptation strategies, and the promotion of renewable energy sources, including non-carbon-based solutions; (d) a menu of innovative WASH facility management modalities aside from standard community-based management; and (e) program coordination capacities, including credible verification agency (CVA) management.
2. **Strengthening national WASH structures critical to Program delivery.** Support for national institutions critical to the strategic direction and oversight of the National Action Plan, including the national secretariats of the National Action Plan, Partnership for Expanded Water Supply, Sanitation and Hygiene (PEWASH) program, and the "Clean Nigeria: Use the Toilet" campaign.
3. **Development of National WASH Management Information System (MIS).** Support for the design, development, and implementation of a national harmonized information system at all levels of government to support the integrated monitoring, reporting, and evaluation of WASH infrastructure, management modalities, and programs.
4. **Technical, Environmental, Social, and Fiduciary Systems Capacity Building within Sector Institutions.** Capacity building to address institutional and capacity gaps in Implementing Agencies and Sector Institutions at the federal, state and local level, including:
 - (a) **Technical Capacity Building.** Technical capacity building for FMWR and other Sector Institutions to monitor, ensure quality, and improve and sustain WASH service delivery, and develop master plans and feasibility studies of pipeline projects climate risks;

- (b) ***E&S Capacity Building***: Strengthening of the environmental and social (E&S) capacity of the FPIU and SPIUs and Implementing Agencies in Participating States and Assisted States, including with respect to the policy enabling environment, risk management, funding, and staffing, including training of the staff of SPIUs and Implementing Agencies in conducting E&S due diligence and undertaking sustainable planning and design using E&S instruments, operation and management of WASH facilities in accordance with best practice environmental, community and occupational health and safety standards, and E&S risk management supervision; and
 - (c) ***Fiduciary Systems Capacity Building***. Training and capacity building of FPIU and SPIU staff and Implementing Agencies and the hiring of qualified and experienced fiduciary staff for SPIUs, as required.
- 5. **Capacity building of National Water Resources Institute (NWRI) and academic institutions**. Capacity building for NWRI and affiliated universities in addressing capacity constraints within Nigeria's WASH sector, including provision of facilities and equipment, as well as academic and administrative staffing.
- 6. **Engagement of the Independent Verification Agent**. Financing for the engagement of one or more IVA(s) throughout the implementation of the Program to undertake verification of the achievement of DLIs in all Participating States.

SCHEDULE 2

Program Execution

Section I. Implementation Arrangements

A. Program Institutions

1. Federal Level

1.1 *Federal Ministry of Water Resources*

The Federal Ministry of Water Resources shall lead, coordinate, and oversee overall implementation of the Operation at the Federal level, including overall WASH policy reform, the allocation of national-level financial resources, coordination between Participating States, Assisted States, development partners, and other key stakeholders and provision of technical assistance to Assisted States under Part 4 of the Project.

1.2 *Federal Steering Committee*

- (a) The Recipient shall, no later than three (3) months after the Effective Date, establish and thereafter maintain throughout the implementation of the Operation, a Federal Steering Committee at federal level (“FSC”) with functions, composition and resources satisfactory to the Association.
- (b) Without limitation to the provisions of sub-paragraph (a) above, the FSC shall be chaired by the Honourable Minister of the Federal Ministry of Water Resources and include as members Ministers or Commissioners of the federal and state-level ministries of women’s affairs, health, education, environment and finance, as may be further specified in the Operations Manual.
- (c) Without limitation to the provisions of sub-paragraph (a) above, the FSC shall be responsible for overall Program coordination and policy guidance, including monitoring and evaluation of the performance of the FPIU and overall Program results, and approval of annual work plans and budgets, as may be further specified in the Operations Manual.

1.3 *Federal Program Implementation Unit*

- (a) The Recipient shall establish and thereafter maintain throughout the Project implementation a Project Implementation Unit at federal level (“FPIU”) within the FMWR, with functions, composition and resources satisfactory to the Association.

- (b) Without limitation to the provisions of sub-paragraph (a) above, the FPIU shall be headed by a Program coordinator, and include specialists in procurement, financial management, environmental and social matters, planning, monitoring and evaluation, and technical matters, as well as an accountant, all with qualifications, experience and ethics, and subject to terms of reference acceptable to the Association, as further defined in the Operations Manual.
- (c) Without limitation to sub-paragraph (a) above, FPIU shall be responsible for overall implementation and oversight of the Operation, including monitoring and evaluation, procurement and implementation of activities at the federal level, including ensuring compliance with the Program Action Plan, the Operations Manual and all applicable policies of the Association, engagement of the IVA and ensuring verification of the achievement of the DLIs, the provision of technical assistance to the Participating States and Assisted States under the Project, all as may be further specified in the Operations Manual.

2. State Level

2.1 *State Ministries of Water Resources*

The State Ministry of Water Resources, or the equivalent state-level agency responsible for WASH, (hereinafter “SMWR”) shall lead, coordinate, and oversee overall implementation of the Operation in its respective State, including state-level policy reform, service delivery improvement, and WASH sector coordination.

2.2 *State Steering Committees*

- (a) The Recipient shall cause each Participating State to establish and thereafter maintain throughout the Project implementation a State Steering Committee (each, a “SSC”) with functions, composition and resources satisfactory to the Association.
- (b) Without limitation to the provisions of sub-paragraph (a) above, each SSC shall be chaired by State Commissioner of the SMWR and include as members include state commissioners or permanent secretaries of women’s affairs, health, education, environment, finance and local government and chieftancies, as may be further specified in the Operations Manual.

- (c) Without limitation to the provisions of sub-paragraph (a) above, each SSC shall be responsible for overall state-level coordination and policy guidance in the respective Participating State, including approval of the Program annual work plan and budget prepared by the SPIU, monitoring and evaluation of the performance of the SPIU and overall Program results in the respective Participating State, as may be further specified in the Operations Manual

2.3 ***State Program Implementation Units***

- (a) The Recipient shall cause each Participating State to establish and thereafter maintain throughout the implementation of the Project in such Participating State, a project implementation unit (a "SPIU"), within the SMWR, with functions, composition and resources satisfactory to the Association.
- (b) Without limitation to the provisions of sub-paragraph (a) above, each SPIU shall be headed by a project coordinator, and include specialists in procurement, financial management and environmental and social matters, and an accountant, all with qualifications, experience and ethics, and subject to terms of reference, acceptable to the Association, as may be further specified in the Operations Manual.
- (c) Without limitation to sub-paragraph (a) above, each SPIU shall be responsible for the implementation and oversight of the Operation in its respective Participating State, including monitoring and evaluation, procurement and implementation of state-level activities in such State, including preparation of annual work plans and budgets, and supervision and monitoring and evaluation of LGA level activities, all as may be further specified in the Operations Manual.

3. **Federal Project Financial Management Department**

Without limitation upon the provisions of paragraphs 1 and 2 of this Part A, the Recipient shall designate, at all times during the implementation of the Project, the Federal Project Financial Management Department ("FPFMD") to be responsible for financial management under the Project. The Recipient shall take all actions, including the provision of funding, personnel and other resources necessary to enable the FPFMD to perform these functions, in accordance with the provisions of the PIM.

B. Subsidiary Agreement

1. To facilitate the carrying out of the Operation, the Recipient shall make part of the proceeds of the Financing available to each of the Participating States under a subsidiary agreement between the Recipient and such State, under terms and conditions approved by the Association (“Subsidiary Agreement”), which shall include the following:
 - (a) the requirement that such Participating State establish an SPIU and carry out the Operation with due diligence and efficiency, in conformity with administrative, financial management, engineering, technical, environmental and social practices and arrangements (including in respect of the Project, the ESS and the ESCP), and provide, or cause to be provided, promptly as needed, the facilities, services and other resources required for the Operation;
 - (b) the obligation of such Participating State to carry out the Operation in accordance with this Agreement, the Anti-Corruption Guidelines, the DFIL, the Program Action Plan and the Operations Manual; and, in respect of the Project, the ESCP and the Procurement Regulations;
 - (c) the obligation of such Participating State to report and exchange views with the Recipient and the Association with regard to the progress of the Operation and the performance of its obligations under its respective Subsidiary Agreement;
 - (d) the obligation of such Participating State to provide access to the Association to inspect sites, its operation and any relevant records and documents; and
 - (e) the requirement that such Participating State promptly inform the Recipient and the Association of any condition which interferes or threatens to interfere with the progress of the Operation, or the performance of its obligations under its respective Subsidiary Agreement.
2. 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.

C. Additional Program Implementation Arrangements

1. Operations Manual

- (a) The Recipient shall prepare and furnish to the Association for review, a manual which shall include provisions on the following matters:
- (i) institutional arrangements for the oversight, coordination, management of the Operation;
 - (ii) financial management arrangements including disbursement, funds flow and payment protocols;
 - (iii) with regard to the Project, procurement;
 - (iv) arrangements for preventing, detecting, reporting, investigation, remediation and otherwise addressing fraud and corruption, including compliance with the Anti-Corruption Guidelines;
 - (v) occupational health and safety standards, labor management, and the grievance redress mechanism referred to in Section I.E of this Schedule 2;
 - (vi) monitoring and evaluation, reporting and communication;
 - (vii) detailed criteria and arrangements for the achievement of the DLIs and the verification thereof, including the Verification Protocol and the membership and operation of the committee referred to in Section C.3 (b) of this Schedule 2;
 - (viii) arrangements for the formation and functioning of a committee composed of representatives from development partner organizations and civil society to review verification reports issued by the IVA;
 - (ix) detailed elements required for PIAPs and State PIR Plans and standard templates for each;
 - (x) the mechanism for the allocation or reallocation of financing among Participating States based upon performance;
 - (xi) Eligibility Criteria for States to benefit from technical assistance under the Project;
 - (xii) Readiness Conditions for consideration of Assisted States to qualify for possible participation in the Program;

- (xiii) prioritization criteria for the selection of LGAs within Participating States;
 - (xiv) Excluded Activities for purposes of Section II of this Schedule 2, and criteria and procedures for a mechanism for screening activities of uncertain environmental or social risk for eligibility under the Program;
 - (xv) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Operation; and
 - (xvi) the Program Action Plan and ESCP, as annexes.
- (b) The Recipient shall afford the Association a reasonable opportunity to exchange views with the Recipient on said manual in draft, and thereafter, shall adopt such manual, in such final form as shall have been approved by the Bank (“Operations Manual”).
 - (c) The Recipient shall ensure that the Operation is carried out in accordance with the Operations Manual; provided, however, that in case of any conflict between the provisions of the Operations Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail.
 - (d) Except as the Association shall otherwise agree, the Recipient shall not amend, abrogate or waive any provision of the Operations Manual.

2. Program Action Plan

- (a) The Recipient shall carry out the Program Action Plan and cause each Participating State to carry out the Program Action Plan, in a manner satisfactory to the Association.
- (b) The Recipient shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, any of the provisions of the Program Action Plan, without the prior written agreement of the Association.

3. Independent Verification for the Program

- (a) No later than ninety (90) days after the Effective Date, the Recipient shall:
 - (i) recruit a professional firm or firms to act as an independent verification agency or agencies, as the case may be, under terms of reference(s) satisfactory to the Association (“Independent Verification Agent(s)” or

“TVA(s)”, to be responsible for: (i) preparing verifications reports in accordance with the Verification Protocol, certifying the achievement of those DLIs indicated to be verified by such independent verification agency or agencies in the Verification Protocol during each Assessment Period; and (ii) furnish such verification reports to the Association in such scope and in such details as the Association shall request.

- (b) The Recipient shall ensure that the verifications are carried out on an annual basis for each Program Year, or more frequently if requested by the Association, and that the verification reports are prepared in compliance with the procedures set forth in the Verification Protocol.

D. Additional Project Implementation Arrangements

1. Annual Work Plan and Budget for the Project

- (a) Each year the Recipient shall prepare a draft annual work plan and budget containing all activities and expenditures proposed to be included in the Project for the following year of Project implementation, of such scope and detail as the Association shall have reasonably requested.
- (b) The Recipient shall furnish to the Association, as soon as available, but in any case not later than November 30 of each year, the annual work plan and budget referred to in paragraph 1 above, for their review and approval; except for the annual work plan and budget for the Project for the first year of Project implementation, which shall be furnished no later than one month after the Effective Date. Only the activities included in an annual work plan and budget expressly approved by the Association (each an “Annual Work Plan and Budget”) are eligible to a financing from the proceeds of the Financing.
- (c) The Recipient shall ensure that the Project is carried out in accordance with the Annual Work Plans and Budgets, provided, however, that in case of any conflict between the Annual Work Plan and Budget and the provisions of this Agreement, the provisions of this Agreement shall prevail.
- (d) Except as the Association shall otherwise agree, the Recipient shall not amend, abrogate or waive, nor permit the amendment, abrogation or waiver of, any provision of the Annual Work Plan and Budget.

E. Grievance Mechanism

The Recipient shall cause to be maintained and publicized the availability of a grievance mechanism, in form and substance satisfactory to the Association, to hear and determine fairly and in good faith all complaints raised in relation to the Operation and take all measures necessary to implement the determinations made by such mechanism in a manner satisfactory to the Association.

F. Environmental and Social Standards

1. The Recipient shall ensure, and shall cause each Participating State to ensure, that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Association.
2. Without limitation upon paragraph 1 above, the Recipient shall ensure, and shall cause each Participating State to ensure, that the Project is implemented in accordance with the Environmental and Social Commitment Plan ("ESCP"), in a manner acceptable to the Association. To this end, the Recipient shall ensure, and shall cause each Participating State to ensure, that:
 - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, and as further specified in the ESCP;
 - (b) sufficient funds are available to cover the costs of implementing the ESCP;
 - (c) policies, procedures and qualified staff are maintained to enable it to implement the ESCP, as further specified in the ESCP; and
 - (d) the ESCP or any provision thereof, is not amended, revised or waived, except as the Association shall otherwise agree in writing and the Recipient has, thereafter, disclosed the revised ESCP.

In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.

3. The Recipient shall ensure, and cause each Participating State to ensure, that: (a) all consultancies related to technical assistance, design and capacity building under the Project, the application of whose results could have environmental, social and health and safety implications, shall only be undertaken pursuant to terms of reference reviewed and found satisfactory by the Association; and (b) such terms of reference shall require the technical assistance, design and capacity building activities to take into account the requirements of Association's applicable social and environmental standards, policies and procedures then in force and shall require the technical assistance, design and capacity building activities to take into account the requirements of said standards, policies and procedures.

4. The Recipient shall, and shall cause each Participating State to:
 - (a) take all measures necessary on its part to collect, compile, and furnish to the Association through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Association, information on the status of compliance with the ESCP and the management tools and instruments referred to therein, all such reports in form and substance acceptable to the Association, setting out, *inter alia*: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and
 - (b) promptly notify the Association of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the instruments referenced therein and the Environmental and Social Standards.
5. The Recipient shall ensure, and shall cause each Participating State to ensure, that all the bidding documents and contracts include the obligation of the relevant contractors and subcontractors to: (a) comply with the relevant aspects of the ESS; (b) adopt and implement measures to assess and manage the risks and impacts of labor influx; (c) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures on environmental, social, health and safety, gender-based violence and violence against children; all as applicable to such civil works commissioned or carried out pursuant to said contracts; and (d) adopt and implement measures to assess and mitigate security risks.
6. Without limitation upon the provisions of paragraph 2 above, if 60 days prior to the Closing Date, the Association determines that there are measures and actions specified in the ESCP which will not be completed by the Closing Date, the Recipient shall: (a) not later than 30 days before the Closing Date, prepare and present to the Association, an action plan satisfactory to the Association on the outstanding measures and actions, including a timetable and budget allocation for such measures and actions (which action plan shall be deemed to be considered an amendment of the ESCP); and (b) thereafter, carry out, and cause each Participating State to carry out, said action plan, in accordance with its terms and in a manner acceptable to the Association.

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: (1) works, estimated to cost \$75,000,000 equivalent or more per contract; (2) goods, estimated to cost \$50,000,000 equivalent or more per contract; (3) non-consulting services, estimated to cost \$50,000,000 equivalent or more per contract; or (4) consulting services, estimated to cost \$20,000,000 equivalent or more per contract; or
- C. any other excluded activities described in the Operations Manual.

Section III. Program Monitoring, Reporting and Evaluation

The Recipient shall furnish to the Association each Program Report not later than one month after the end of each calendar semester, covering the calendar semester.

Section IV. Withdrawal of Financing Proceeds

A. General

- 1. Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Financing to finance Program Expenditures (inclusive of Taxes), on the basis of the results ("Disbursement Linked Results" or "DLRs") achieved by the Recipient and Participating States, 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:

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Disbursement Calculation Formula (as applicable, expressed in SDRs ¹)	Amount of the Financing Allocated (expressed in SDR)	Percentage of Eligible Expenditures to be financed (inclusive of Taxes)
(1) DLI #1: Design of National WASH Fund to enable its establishment			3,528,550	
	DLR 1.1 National WASH Fund (NWF) legal framework and governance structure endorsed by FMWR and FMOF and legislation drafted	N/A	1,764,275	
	DLR 1.2 Operational manual prepared for the NWF in accordance with requirements set out in the Operations Manual.	N/A	1,764,275	
(2) DLI #2: Design, adoption and implementation of State PIR Plans and achievement of annual targets			24,699,850	
	DLR 2.1 A baseline study has been conducted to inform the State PIR Plan and reform agenda in Program Year 1.	352,855 per Participating State	2,469,985	
	DLR 2.2 Approval by the Governor of the State PIR Plan and reform agenda, acceptable to the Association, in Program Year 2.	352,855 per Participating State	2,469,985	

¹ The figures in this table are currently denominated in SDR and will be converted into SDR at negotiations.

	DLR 2.3-2.6: Achievement of annual targets set out in State PIR Plans for each subsequent Program Year.	705,710 per Participating State	19,759,880 4,939,970 for each DLR	
(3) DLI #3: People provided with basic drinking water service under the Program	Beneficiaries provided with basic drinking water service under the Program, as defined in the Verification Protocol.	63.52 per beneficiaries of urban or small-town water service; 13.41 per beneficiary of rural water service	164,800,097	
(4) DLI #3.1: Performance improvement of State water supply Sector Institutions and service providers.			37,049,775	
	DLR 3.1.1 Preparation of a PIAP including baseline assessment.	705,710 per Participating State	Up to 4,939,970	
	DLR 3.1.2 First PIAP completed and achievements assessed for Program Year 1.	352,855 per Participating State	Up to 2,469,985	
	DLR 3.1.3-3.1.6 Achievement of annual PIAP targets for each subsequent Program Year	1,058,565 per Participating State	29,639,820 Up to 7,409,955 for each DLR	
(5) DLI #4: People with access to a sustainably functioning water service.			23,500,143	
	Beneficiaries with access to a sustainably functioning water service, as defined in the Verification Protocol.	1.98 per beneficiary for up to 240,000 beneficiaries in Program Year 2. 2.24 per beneficiary for up	Up to 476,355 Up to 1,189,120	

		to 530,000 beneficiaries in Program Year 3 2.89 per beneficiary for up to 1,050,000 beneficiaries in Program Year 4. 3.06 per beneficiary for up to 2,300,000 beneficiaries in Program Year 5 3.28 per beneficiary for up to 3,575,000 beneficiaries in Program Year 6	Up to 3,034,555 Up to 7,050,043 Up to 11,750,070	
(6) DLI #5: Households with improved sanitation facilities constructed or rehabilitated under the Program.	Households with improved sanitation facilities constructed or rehabilitated under the Program, as defined in the Verification Protocol.	328.15 for each rural household 670.42 for each urban or small-town household, or 952.70 for each urban or small-town household with improved sanitation facilities that include FSM	110,126,046	
(7) DLI #5.1: Performance improvement of sanitation Sector Institutions.			37,049,775	
	DLR 5.1.1 Preparation of a PIAP, including baseline assessment.	705,710 per Participating State	Up to 4,939,970	

	DLR 5.1.2 First annual PIAP completed and achievements for Program Year 1 assessed.	352,855 per Participating State	Up to 2,469,985	
	DLR 5.1.3-5.1.6 Achievement of annual PIAP targets for Program Years 2 through 6, inclusive.	1,058,565 per Participating State	Up to 7,409,955 for each DLR	
(8) DLI # 6: Communities having achieved community-wide sanitation status (ODF+) or number of ODF+ communities having maintained their status.	Communities having achieved community-wide sanitation status (ODF+) or number of ODF+ communities having maintained their status	24,700 per community achieving ODF+ 12,703 per community maintain ODF+	11,750,150	
(9) DLI # 7: Schools and healthcare facilities with functional, improved water supply, sanitation and handwashing facilities constructed or rehabilitated under the Program.	Schools and healthcare facilities with functional, improved water supply, sanitation and handwashing facilities constructed or rehabilitated under the Program, per criteria set out in the Verification Protocol	19,584 per facility	39,168,000	
(10) Goods, consulting services, non-consulting services, Training and Workshops, and Operating Costs under the Project		N/A	42,327,614	100%
TOTAL AMOUNT			494,000,000	

3. It is agreed and understood that the amounts allocated to Categories 1 through 9, inclusive set out in the above table represent the maximum amounts to be disbursed under said Categories. In the event that the aggregate value resulting from the application of the Disbursement Calculation Formula to the achievement of any DLI by Participating States exceeds the amount allocated to the corresponding Category, the available proceeds of the Credit disbursed under such Category shall be shared among the relevant Participating States in an equitable manner to be determined by the Recipient and acceptable to the Association.

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
 - (a) on the basis of DLRs achieved prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed SDR 4,231,502 for payments made up to twelve (12) months prior to the Signature Date for Eligible Expenditures under Category 10;
 - (b) for any DLR under Categories 1 through 9, inclusive, until and unless the Recipient has furnished evidence satisfactory to the Association that said DLR has been achieved in accordance with this Agreement, including the verification report of the IVA, in form and substance satisfactory to the Association; and
 - (c) for any payment to any Participating State, until and unless such Participating State has: (i) duly established a SSC in accordance with Section A.2.2.1 of Schedule 2 to this Agreement and a SPIU in accordance with Section A.2.2.1 said Schedule; (ii) duly adopted the Operations Manual; and (iii) entered into a Subsidiary Agreement with the Recipient, in accordance with Section I.B of Schedule 2 to this Agreement.
2. Notwithstanding the provisions of Part B.1(b) of this Section, the Recipient may withdraw: an amount not to exceed SDR 49,399,700 as an advance against DLRs 3, 5 and 7; provided, however, that if the DLR(s), in the opinion of the Association, is/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 shall be permitted only on such terms and conditions as the Association shall specify by notice to the Recipient.

3. Notwithstanding the provisions of Part B.1(b) of this Section, if any of DLRs.2.1-2.6, 3.1.1 through 3.1.6 or DLRs 5.1.1 through 5.1.6 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 disbursement formula for each of responding DLRs mentioned above as set out in the table in paragraph 2 of Section IV of Schedule 2 to this Agreement; (b) reallocate all or a portion of the proceeds of the Financing then allocated to said DLR to any other DLR ; and/or (c) cancel all or a portion of the proceeds of the Financing then allocated to said DLR.
4. The Closing Date is June 30, 2027.

Section V. Other Undertakings

- A. The Recipient shall ensure that no State receives technical assistance under Part 4 of the Project until and unless such State has met the Eligibility Criteria.

SCHEDULE 3
Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each June 1 and December 1:	
commencing June 1, 2026, to and including December 1, 2045	1.65%
commencing June 1, 2046, to and including December 1, 2050.	3.40%

* 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 3.05 (b) of the General Conditions.

APPENDIX

Definitions

1. “Anti-Corruption Guidelines” means, collectively, the Project Anti-Corruption Guidelines and the Program Anti-Corruption Guidelines.
2. “Assisted State” means any State which has met the Eligibility Criteria to the satisfaction of the Recipient and the Association and is receiving technical assistance under the Project other than a Participating State.
3. “Category” means a category set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.
4. “Disbursement Linked Indicator” or “DLI” 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.
5. “Disbursement Linked Result” or “DLR” 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.
6. “Eligibility Criteria” means the criteria which States must achieve to be eligible for participation in the Operation, as set forth in the Operations Manual.
7. “Environmental and Social Commitment Plan” or the acronym “ESCP” means the Recipient’s environmental and social commitment plan, acceptable to the Association, dated April, 2021, which sets out a summary of the material measures and actions to address the potential environmental and social risks and impacts of the Project, including the timing of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any instruments to be prepared thereunder; as the ESCP may be revised from time to time, with prior written agreement of the Association, and such term includes any annexes or schedules to such plan.
8. “Environmental and Social Standards” or “ESS” means, collectively: (i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6:

Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Association at its website.

9. “FMWR” means the Federal Ministry of Water Resources, or any successor thereto.
10. “FPIU” means the Federal Project Implementation Unit, as defined in Section I.A.1.3 of Schedule 2 to this Agreement.
11. “General Conditions” means, collectively, the Program General Conditions and the Project General Conditions.
12. “Implementing Agencies” means any ministry, department or agency of the Recipient or any Participating State implementing activities under the Operation, including (without limitation) the Federal Ministry of Water Resources and state public institutions assigned by their respective State Government to implement all or part of the State activities under the Program, including Rural Water Supply and Sanitation Agencies, Small Town Water Supply and Sanitation Agencies, State Water Authorities, State Urban Sanitation Authorities, or their equivalents in any given Participating State.
13. “Independent Verification Agent” or “IVA” means each of the firms to be engaged by the Recipient for the purposes of certifying the achievement of the DLIs in accordance with Section C.3 of Schedule 2 to this Agreement.
14. “LGA” means Local Government Authorities as defined in in Section 7 of the 1999 Constitution of the Federal Republic of Nigeria. Each local government area is administered by a Local Government Council consisting of a chairman who is the Chief Executive of the LGA, and other elected members who are referred to as Councilors; their functions are set out in the Fourth Schedule of the 1999 Constitution.
15. “National Action Plan” means the National Action Plan for the Revitalization of Nigeria’s Water, Sanitation, and Hygiene Sector as launched by the Recipient in 2018 aimed at ensuring universal access to sustainable and safely managed WASH services by 2030, commensurate with the Sustainable Development Goals.
16. “National WASH Fund” means the fund to be established by the Recipient with the objective of acceleration of WASH investments, as envisaged in the National Action Plan.

17. "ODF+" means Open Defecation Free status, to wit a community where: (a) at least 25% of households are using an improved sanitation facility in Year 1 with a 5% increase in share of households using an improved sanitation facility each Program Year, up to 50% in Year 6; (b) households without improved sanitation are either using an unimproved facility for defecation or sharing a facility; (c) no households are practicing open defecation; and (d) shared sanitation facilities are used by two or more households, are improved and properly maintained.
18. "Operating Costs" means the incremental expenses incurred by the Recipient or any Participating State based on annual budgets approved by the Association attributable to the implementation, management, and monitoring of the Program, including office supplies and consumables; communication costs; operation and maintenance of office vehicles; per diem and travel costs for Project staff; reasonable Association charges; and allowances and salaries of the Project's contractual staff (but excluding the salaries of the Recipient's civil servants).
19. "Operations Manual" means the operation manual(s) referred to in Section I.C of Schedule 2 to this Agreement, to be prepared and adopted by the Recipient for the Operation in accordance with the provisions of said Section.
20. "Participating State" means a Participating State which, having met both the Eligibility Criteria and Readiness Criteria, and having been subject to technical, fiduciary and environmental and social assessments by the Association, is participating in the Program, namely each of Delta, Ekiti, Gombe, Kaduna, Katsina, Imo and Plateau States.
21. "Performance Improvement Action Plan" or "PIAP" means plan, in form and substance acceptance to the Association, to be adopted by each of the Implementing Agencies to improve its performance during the Program, setting out specific actions to be taken by said Agencies and performance targets to be met in respect of key metrics for accountability and sustainability, as further elaborated in the Operations Manual.
22. "Procurement Regulations" means, for purposes of paragraph 87 of the Appendix to the General Conditions, the "World Bank Procurement Regulations for IPF Borrowers", dated November 2020.
23. "Program Action Plan" means the Recipient's plan dated April 2021 and referred to in Section I.C.2 of Schedule 2 to this Agreement, as may be amended from time to time with the agreement of the Association.
24. "Program Anti-Corruption Guidelines" means, for purposes of paragraph 5 of the Appendix to the Program General Conditions, 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.

25. “Project Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, the “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.
26. “Program General Conditions” means the “International Bank for Reconstruction and Development on General Conditions for Loans, Program-for-Results Financing”, dated December 14, 2018 (revised on August 1, 2020 and April 1, 2021).
27. “Program Year” means each 12-month period beginning on the Effectiveness Date.
28. “Project General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans, Investment Project Financing”, dated December 14, 2018 (revised on August 1, 2020 and April 1, 2021).
29. “Readiness Criteria” means the criteria set forth in the Operation Manual to be met by each Assisted State, having already met the Eligibility Criteria, in order to be considered for future investment under the Program.
30. “Sector Institutions” means ministries, agencies and departments of the Recipient and Participating and Assisted States operating in the WASH sector, including the Federal Ministry of Water Resources, Rural Water Supply and Sanitation Agencies, Small Town Water Supply and Sanitation Agencies, State Water Authorities, State Urban Sanitation Authorities, State WASH regulatory functions and LGA WASH Departments.
31. “Signature Date” means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to “the date of the Financing Agreement” in the General Conditions.
32. “SPIU” means each State Program Implementation Unit, as defined in Section I.A.2.2 of Schedule 2 to this Agreement.
33. “State” means each of the 36 states of the Recipient and its Federal Capital Territory.
34. “State PIR Plan” means the plan, in form and substance acceptable to the Association, adopted by each Participating State for strengthening their respective policy, institutional and regulatory frameworks, including annual targets for the

establishment and operationalization of Sector Institutions in such Participating State, as further elaborated in the Operations Manual.

35. “Subsidiary Agreement” mean the agreement to be entered into between the Recipient and each Participating State, according to Section I.B of Schedule 2 to this Agreement.
36. “Training and Workshops” expenditures associated with Project related study tours, training courses, seminars, workshops and other training activities, not included under service providers’ contracts, in accordance with the Annual Work Plans and Budgets and approved by the Association, including costs of training materials, space and equipment rental, travel, accommodation and per diem costs of trainees and trainers, trainers’ fees, and other training related miscellaneous costs.
37. “Verification Protocol” means the Recipient’s protocol, acceptable to the Association, setting forth the means by which the achievement of DLIs will be verified under the Program, as such Verification Protocol may be amended from time to time with the prior written agreement of the Association.
38. “WASH” means water supply, sanitation and hygiene.