
**CREDIT (A) NUMBER 7466-NG
CREDIT (B) NUMBER 7467-NG
CREDIT (C) NUMBER 7468-NG**

Financing Agreement

(Distributed Access through Renewable Energy Scale-Up Project)

between

FEDERAL REPUBLIC OF NIGERIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

CREDIT (A) NUMBER 7466-NG
CREDIT (B) NUMBER 7467-NG
CREDIT (C) NUMBER 7468-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 credits, which are deemed as Concessional Financing for purposes of the General Conditions, to assist in financing the project described in Schedule 1 to this Agreement (“Project”), as follows:
 - (a) a credit in the amount of three hundred and fifty million Dollars (\$350,000,000), as such amount may be converted from time to time through a Currency Conversion (Credit A);
 - (b) a credit in the amount of two hundred and fifty million Dollars (\$250,000,000), as such amount may be converted from time to time through a Currency Conversion (Credit B); and
 - (c) a credit in the amount of one hundred and fifty million Dollars (\$150,000,000), as such amount may be converted from time to time through a Currency Conversion (Credit C) (Credit A, Credit B, and Credit C, collectively, “Financing”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section III of Schedule 2 to this Agreement.
- 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 the greater of: (a) the sum of three-fourths of one percent (3/4 of 1%) per annum plus the Basis Adjustment to the Service Charge; and (b) three-fourths of one percent (3/4 of 1%) per annum; on the Withdrawn Credit Balance of Credit C, or such rate as may apply following a Currency Conversion.
- 2.05. The Interest Charge is the greater of: (a) the sum of one and a quarter percent (1.25%) per annum plus the Basis Adjustment to the Interest Charge; and (b) zero percent (0%) per annum, or such rate as may apply following a Currency Conversion; on the Withdrawn Credit Balance of Credit C.
- 2.06. The Payment Dates are January 15 and July 15 in each year.
- 2.07. The principal amount of the credits shall be repaid in accordance with the repayment schedules set forth in Schedule 3 to this Agreement.
- 2.08. The Payment Currency is Dollar.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall:
 - (a) cause Parts 1.1(a), 1.1(b), 1.2, 2, 3.1, and 3.2 of the Project to be carried out by the Rural Electrification Agency (REA) in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement; and
 - (b) cause Parts 1.1(c) and 3.3 of the Project to be carried out by Lagos State, through the Lagos State Electricity Board (LSEB) 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 REA Subsidiary Agreement has been executed between the Recipient and REA in accordance with the provisions of Section I.B of Schedule 2 to this Agreement, and is legally binding upon the Recipient and REA in accordance with its terms.
 - (b) REA has adopted the Project Implementation Manual in accordance with the provisions of Section I.C of Schedule 2 to this Agreement.

- 4.02. The Effectiveness Deadline is the date ninety (90) 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 Federal Minister of Finance, or any successor thereto.

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

(a) the Recipient's address is:

Federal Ministry of Finance
Ahmadu Bello Way
Central Business District
Abuja, Federal Republic of Nigeria

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

AGREED as of the Signature Date.

FEDERAL REPUBLIC OF NIGERIA

By

Wale Edun

Authorized Representative

Name: Wale Edun
Title: Mr Federal Minister of Finance
Date: 31-Mar-2024

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

S. Chaudhuri

Authorized Representative

Name: Shubham Chaudhuri
Title: Nigeria Country Director
Date: 19-Feb-2024

SCHEDULE 1

Project Description

The objective of the Project is to increase access to electricity services for households and micro, small and medium-sized enterprises (MSMEs) with private sector-led distributed renewable energy generation.

The Project consists of the following parts:

Part 1. Solar Hybrid Mini Grids for Economic Development.

Support to the development and operation of privately owned and operated solar hybrid mini grids in unserved and underserved areas through:

1.1. Minimum Subsidy Tender

Carrying out of Minimum Subsidy Tender processes and provision of Minimum Capital Cost Subsidies to selected developers/operators of:

- (a) Isolated mini grids;
- (b) Interconnected mini grids; or
- (c) Solar rooftop solutions in Participating States.

1.2. Performance-Based Grants Program

Provision of Performance-Based Grants to eligible mini grid operators based on new customer connections for isolated mini grids and percentage of capital expenditures for interconnected mini grid projects.

Part 2. Standalone Solar (SAS) Systems for Households, MSMEs, and Agribusinesses.

Support to the expansion of SAS systems for households, MSMEs, and agribusinesses in rural areas through:

2.1. Performance Based Grants for Standalone Solar

Provision of Performance Based Grants (“PBGs”) to eligible companies to rapidly deploy SAS solutions in rural and underserved areas, through supply and demand side support and based on independently verified outputs, and to support deployment of solar productive use of electricity (PUE) equipment to MSMEs, agribusinesses and commercial customers.

2.2. **Catalytic Grants**

Provision of Catalytic Grants, on a matching basis, to eligible SAS companies that target the poor, remote, or hardest to reach consumers in the country.

Part 3. Technical Assistance

3.1. **Institutional Strengthening**

Support to activities to build institutional capacity in the Project ecosystem, including: (i) strengthening of implementation capacities of REA, the Federal Ministry of Power, the Nigerian Electricity Management Services Agency, the Federal Ministry of Environment, the Nigerian Electrification Regulatory Commission, and the Federal Ministry of Finance; and (ii) development of critical studies, including the national electrification plan.

3.2. **DARES Ecosystem and Implementation**

Support to the implementation of the Project, including: (i) pipeline preparation for isolated and interconnected mini grids; (ii) building of the PUE ecosystem, including geospatial mapping, demand stimulation, and capacity building of financial institutions on market-based products and pricing, and financial literacy; and (iii) managing environmental and social risks, including development of a citizen engagement framework.

3.3. **Engagement with States**

Support to Participating States: (i) in formulating their role in the energy transition agenda during decentralization by providing technical assistance for designing electricity markets, building capacity of state-level sector institutions, developing regulatory and procurement capacity, and preparing and implementing a policy framework; and (ii) in determining viability for solar rooftop solutions and setting up a one stop shop model for market creation.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall establish and maintain throughout the period of Project implementation a DARES steering committee, chaired and co-chaired by the Federal Minister of Power and the Federal Minister of Finance respectively, responsible for providing oversight and guidance to the Project and access-related operations, with functions, composition and resources satisfactory to the Association.
2. The Recipient shall cause REA to maintain, throughout the implementation of the Project, a Project Management Unit, with functions and resources satisfactory to the Association, with staff in adequate numbers and with qualifications, experience and terms of reference satisfactory to the Association and as elaborated in the Project Implementation Manual.

B. Subsidiary Agreements

1. To facilitate the carrying out of REA's Respective Part of the Project, the Recipient shall make a portion of the proceeds of the Financing available to REA under a subsidiary agreement ("REA Subsidiary Agreement") between the Recipient and REA, under terms and conditions acceptable to the Association.
2. To facilitate the carrying out of Lagos State's Respective Part of the Project, the Recipient shall make part of the proceeds of the Financing available to Lagos State under a subsidiary agreement ("Lagos State Subsidiary Agreement") between the Recipient and Lagos State, under terms and conditions acceptable to the Association.
3. The Recipient shall exercise its rights under the REA Subsidiary Agreement and the Lagos State 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. Project Implementation Manual

1. The Recipient shall cause REA to prepare, in coordination with Lagos State, and furnish to the Association for review and approval, and, thereafter, adopt the Project Implementation Manual (PIM), which shall include provisions on the following matters:

- (a) arrangements on financial management, setting forth the detailed policies and procedures for financial management under its Respective Part of the Project;
 - (b) procurement management procedures, including a manual to guide procurement;
 - (c) institutional administration, coordination and day to day execution of Project activities;
 - (d) monitoring, evaluation and reporting;
 - (e) guidelines for assessing potential environmental and social impacts of Project activities and designing appropriate mitigation, management and monitoring measures in respect of said impacts;
 - (f) eligibility criteria for the Beneficiaries to participate in Parts 1.1(a), 1.1(b), 1.2, and 2 of the Project and receive Sub-financings; and detailed disbursement calculation methodology, performance targets, and disbursement conditions for Sub-financing payments;
 - (g) eligibility criteria for additional states to participate in the Project; and
 - (h) such other technical and organizational arrangements and procedures as shall be required for the Project.
2. The Recipient shall ensure that REA shall carry out its Respective Part of the Project in accordance with the PIM; provided, however, that in case of any conflict between the provisions of the PIM and the provisions of this Agreement, the provisions of this Agreement shall prevail.
3. The Recipient shall ensure that REA shall not amend, abrogate or waive any provision of the PIM, except as the Association shall otherwise agree.

D. Annual Work Plan and Budget

1. The Recipient shall cause REA to prepare and furnish to the Association not later than February 1 of each Fiscal Year during the implementation of the Project, a work plan and budget containing all activities proposed to be included in its Respective Part of the Project during the following Fiscal Year, and a proposed financing plan for expenditures required for such activities, setting forth the proposed amounts and sources of financing.
2. The Recipient shall cause REA to afford the Association a reasonable opportunity to exchange views with it on each such proposed work plan and budget and thereafter ensure that the Project is implemented with due diligence during said

following Fiscal Year in accordance with such work plan and budget as shall have been approved by the Association (“Annual Work Plan and Budget”).

3. The Recipient shall ensure that REA shall not make any change to the approved Annual Work Plan and Budget without prior approval in writing by the Association.

E. Sub-projects

1. The Recipient shall cause REA to ensure that Sub-projects and the Beneficiaries of Sub-financings are selected in accordance with the procedures, guidelines, eligibility criteria and other provisions set forth in detail in the PIM. REA, through the PMU, shall submit appraisal documents of all Sub-projects during the first year’s Project implementation to the Association for prior approval, including data on any resettlement.
2. The Recipient shall ensure that REA shall make each Sub-financing under a Sub-financing Agreement with the respective Beneficiary on terms and conditions approved by the Association, which shall include the following:
 - (a) REA shall obtain rights adequate to protect its interests and the interests of the Recipient and the Association, including the right to suspend or terminate the right of the Beneficiary to use the proceeds of the Sub-financing and obtain a refund of all or any part of the amount of the Sub-financing then withdrawn, upon the Beneficiary’s failure to perform any of its obligations under the Sub-financing Agreement;
 - (b) REA shall require each Beneficiary to: (i) carry out Sub-project activities with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of the proceeds of the Credit other than the Recipient, and the ESCP; (ii) provide, promptly as needed, the resources required for the purpose; (iii) procure the goods, works and services to be financed out of the Sub-financing in accordance with the provisions of this Agreement; and (iv) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the Sub-project activities and the achievement of its objectives; and
 - (c) REA shall require each Beneficiary to: (i) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to the Sub-project activities; (ii) at the Association’s

or the Recipient's request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association; (iii) enable the Recipient and the Association to inspect the Sub-project activities, its operation and any relevant records and documents; and (iv) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.

3. The Recipient shall ensure that REA shall exercise its rights under each Sub-financing Agreement in such manner as to protect its interests and the interests of the Recipient and the Association and to accomplish the purposes of the Financing, and that REA shall not assign, amend, abrogate or waive any Sub-financing Agreement or any of its provisions, except as the Recipient and the Association shall otherwise agree.
4. The Recipient shall cause REA to engage a grants administrator, with qualification and under terms of reference acceptable to the Association, to be responsible for administration and overall management of the Sub-financings, including disbursement forecasting and reporting.

F. Independent Verification of Results or Outputs of Beneficiaries

The Recipient shall cause REA to engage an independent verification agency, with qualifications and under terms and reference acceptable to the Association, to be responsible for independently assessing and verifying the results or outputs claimed by a Beneficiary to receive a Minimum Capital Subsidy or a Performance-Based Grant under Part 1 or 2 of the Project, and preparing and providing to REA verification reports certifying the results or outputs.

G. Verification of Achievement of Performance Based Conditions

For purposes of implementing Performance Based Conditions (PBCs) 1 to 3, the Recipient shall carry out a verification process through the Recipient's entities or independent verification agency that the Association has confirmed in writing to be acceptable, as determined in the Verification Protocol ("Verification Agent"), for the verification of achievement of PBCs which are set forth in the table in the Annex to Schedule 2 to this Agreement, and furnish to the Association, not later than sixty (60) days after the verification of compliance of said PBCs, reports on the results of said verification of compliance process of such scope and in such detail as the Association shall reasonably request.

H. Environmental and Social Standards

1. The Recipient shall, and shall cause REA and Lagos 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, and shall cause REA and Lagos 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, and shall cause REA and Lagos State to, ensure that:
 - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;
 - (b) sufficient funds are available to cover the costs of implementing the ESCP;
 - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
 - (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Association shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
4. The Recipient shall, and shall cause REA and Lagos State to, ensure that:
 - (a) all measures necessary are taken 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 environmental and social 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) the Association is promptly notified 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 environmental

and social instruments referenced therein and the Environmental and Social Standards.

5. The Recipient shall, and shall cause REA and Lagos State to, establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Association.
6. The Recipient shall, and shall cause REA and Lagos State to, ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, subcontractors and supervising entities to: (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.

Section II. Project Monitoring, Reporting and Evaluation

The Recipient shall furnish to the Association each Project Report not later than one (1) month after the end of each calendar semester, covering the calendar semester. To this end, the Recipient shall cause REA to monitor and evaluate the progress of its Respective Part of the Project and prepare Project Reports for its Respective Part of the Project in accordance with the provisions of Section 5.08 (b) of the General Conditions and on the basis of the indicators acceptable to the Association. Each REA Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Recipient not later than two (2) weeks after the end of the period covered by such report for incorporation and forwarding by the Recipient to the Association of the overall Project Report.

Section III. Withdrawal of the Proceeds of the Financing

A. General

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: (a) finance Eligible Expenditures, in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of Credit A Allocated (expressed in USD)	Amount of Credit B Allocated (expressed in USD)	Amount of Credit C Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consulting services, Training, Operating Costs, and Sub-financings under Parts 1 and 2 of the Project	140,000,000			100%
(2) Goods, non-consulting services, consulting services, Training, and Operating Costs under Part 3 of the Project	10,000,000			100%
(3) Eligible PBC Expenditures for Parts 1, 2 and 3 of the Project	200,000,000	250,000,000	150,000,000	100%
TOTAL AMOUNT	350,000,000	250,000,000	150,000,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
 - (a) for payments made prior to the Signature Date;
 - (b) for payments to Lagos State under Categories (1), (2), and (3) until and unless the Recipient and Lagos State have executed the Lagos State Subsidiary Agreement in accordance with the provisions of paragraph 2 of Section I.B of Schedule 2 to this Agreement; or
 - (c) for payments under Category (3) with respect to:
 - (i) any PBC, as set forth in the Annex to Schedule 2, for which a withdrawal request has been submitted, until and unless the Recipient has also submitted:
 - (A) evidence, in form and substance satisfactory to the Association, of the Eligible PBC Expenditures paid, as presented in the IFR and verified pursuant to the Verification Protocol; and
 - (B) supporting documentation confirming the achievement of the respective PBC or PBCs in form and substance satisfactory to the Association, as further elaborated in the Annex to Schedule 2 and as set forth in the Verification Protocol; and
 - (ii) for any of PBC #s 2.2, 3.1, 3.2, 3.3, and 3.4 until and unless the Recipient has also submitted supporting documentation confirming the achievement of PBC #s 1 and 2.1 in form and substance satisfactory to the Association, except that this subparagraph (ii) shall not apply to any of PBC #s 3.1, 3.2, 3.3, and 3.4 in the event that such PBC is achieved before the date by which PBC #s 1 and 2.1 are set to be achieved.
2. Notwithstanding the provisions of Part B.1 (c) of this Section, if any of the PBCs referred to in the Annex to Schedule 2 to this Agreement has not been achieved by the date by which the said PBC is set to be achieved, the Association may, by notice to the Recipient: (a) reallocate all or a portion of the proceeds of the Financing then allocated to said PBC to any other PBC or any other Category; and/or (b) cancel all or a portion of the proceeds of the Financing then allocated to said PBC.
3. The Closing Date is December 31, 2028.

ANNEX TO SCHEDULE 2

Performance Based Conditions

Performance Based Condition	Results to be Achieved By:				Associated Eligible PBC Expenditures
	One (1) Year After Effective Date	Two (2) Years After Effective Date	Three (3) Years After Effective Date	Four (4) Years After Effective Date	
PBC #1: Presidential approval for a national electrification strategy and implementation plan (NESIP)	National electrification strategy and implementation plan prepared by FMoP and REA in consultation with States and approved by the President				USD 30 million under Part 1 of the Project USD 70 million under Part 2 of the Project
Allocated Amount	USD100,000,000				
PBC #2: REA capacity building					
2.1. Preparation, adoption, and operationalization of a new business plan	Business plan prepared by REA, approved by FmoP, and adopted by REA				USD 30 million under Part 1 of the Project USD 60 million under Part 2 of the Project USD 10 million under Part 3 of the Project
Allocated Amount	USD100,000,000				

Performance Based Condition	Results to be Achieved By:				Associated Eligible PBC Expenditures
	One (1) Year After Effective Date	Two (2) Years After Effective Date	Three (3) Years After Effective Date	Four (4) Years After Effective Date	
2.2. Improvement in KPIs to demonstrate increased capacity	(a) Pre-defined KPIs satisfied by REA	(b) Pre-defined KPIs satisfied by REA	(c) Pre-defined KPIs satisfied by REA	(d) Pre-defined KPIs satisfied by REA	USD 60 million (USD 15 million per year) under Part 1 of the Project USD 120 million (USD 30 million per year) under Part 2 of the Project USD 20 million (USD 5 million per year) under Part 3 of the Project
Allocated Amount	USD50,000,000	USD50,000,000	USD50,000,000	USD50,000,000	
PBC #3: Improving regulatory framework					
3.1. Allow applications for permitting of isolated and interconnected mini grids, as well as tariff applications, on a portfolio basis	NERC mini grid regulations revised by NERC to allow for batch processing of license and tariff applications				USD50,000,000 under Part 1 of the Project
Allocated Amount	USD50,000,000				
3.2. Require twelve (12) months' notice for a Distribution Company to expand into a site served by a permitted mini grid	NERC mini grid regulations revised by NERC to require Distribution Companies to provide 12-month notice before reaching a mini grid site				USD50,000,000 under Part 1 of the Project
Allocated Amount	USD50,000,000				

Performance Based Condition	Results to be Achieved By:				Associated Eligible PBC Expenditures
	One (1) Year After Effective Date	Two (2) Years After Effective Date	Three (3) Years After Effective Date	Four (4) Years After Effective Date	
3.3. Specify the rights, duties and obligations of communities with respect to the termination of tripartite agreements for interconnected mini grids	NERC mini grid regulations revised by NERC to clarify duties, rights and obligations of communities in urban mini grids				USD50,000,000 under Part 1 of the Project
Allocated Amount	USD50,000,000				
3.4. Increase the maximum capacity of mini grids governed by the Nigerian Electricity Regulatory Commission mini grid regulations from 1 MW to 5 MW		NERC mini grid regulations revised by NERC to revise the permit limit for a mini grid			USD50,000,000 under Part 1 of the Project
Allocated Amount		USD50,000,000			

SCHEDULE 3

I. Repayment Schedule for Credit A

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each January 15 and July 15:	
commencing January 15, 2030, to and including January 15, 2035.	8.33334%
on July 15, 2035	8.33326%

* 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.

II. Repayment Schedule for Credit B

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each January 15 and July 15:	
commencing January 15, 2030, to and including January 15, 2035.	8.33334%
on July 15, 2035	8.33326%

* 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.

III. Repayment Schedule for Credit C

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each January 15 and July 15:	
commencing January 15, 2029, to and including July 15, 2048.	1.65%
Commencing January 15, 2049, to and including July 15, 2053,	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. “Annual Work Plan and Budget” means the work plan and budget prepared annually by REA in accordance with the provisions of Section I.D of Schedule 2 to this Agreement.
2. “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.
3. “Basis Adjustment to the Interest Charge” means the Association’s standard basis adjustment to the Interest Charge for credits in the currency of denomination of the Credit, in effect at 12:01 a.m. Washington, D.C. time, on the date on which the Credit is approved by the Executive Directors of the Association, and expressed either as a positive or negative percentage per annum.
4. “Basis Adjustment to the Service Charge” means the Association’s standard basis adjustment to the Service Charge for credits in the currency of denomination of the Credit, in effect at 12:01 a.m. Washington, D.C. time, on the date on which the Credit is approved by the Executive Directors of the Association, and expressed as a percentage per annum.
5. “Beneficiary” means a developer or operator of a mini grid or solar rooftop solution eligible to receive a Sub-financing under Part 1.1 or Part 1.2 of the Project, or an SAS company eligible to receive a Sub-financing under Part 2.1 or Part 2.2 of the Project, all in accordance with the relevant provisions of this Agreement, and detailed procedures and requirements set out in the PIM (as defined below), and the term “Beneficiaries” means the plural thereof.
6. “Catalytic Grant” means a grant provided or to be provided to an eligible SAS company Beneficiary who shall have met the section criteria set out in the PIM for carrying out Part 2.2 of the Project pursuant to the terms and conditions of the Sub-financing Agreement (as defined below); and the term “Catalytic Grants” means the plural thereof.
7. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
8. “DARES” means the Distributed Access through Renewable Energy Scale-Up Project.

9. “Eligible PBC Expenditures” means the following Eligible Expenditures: goods, works, non-consulting services, consulting services, Training, Operating Costs and Sub-financings incurred and paid by the Recipient, REA, or Lagos State in connection with the implementation of Parts 1, 2 and 3 of the Project.
10. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated November 9, 2023, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Recipient shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
11. “Environmental and Social Standards” or “ESSs” 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 African Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; and (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Association.
12. “Federal Ministry of Environment” means the Recipient’s ministry responsible for environment or any successor thereto.
13. “Federal Ministry of Power” means the Recipient’s ministry responsible for power or any successor thereto.
14. “Federal Ministry of Finance” means the Recipient’s ministry responsible for finance or any successor thereto.
15. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated December 14, 2018 (Last revised on July 15, 2023).
16. “Lagos State” means Lagos State of the Recipient.

17. “Lagos State Electricity Board” and the acronym “LSEB” mean Lagos State’s board responsible for, *inter alia*, establishing in-state electric power stations.
18. “LSEB’s Legislation” means Law No. 15 dated July 5, 1980, of Lagos State.
19. “LSEB’s Respective Part of the Project” means Parts 1.1(c) and 3.3 of the Project.
20. “Minimum Capital Cost Subsidy” means a subsidy in the form of a grant provided or to be provided to an eligible mini-grid or solar rooftop solution developer or operator Beneficiary who shall have met the section criteria set out in the PIM for carrying out Part 1.1 of the Project pursuant to the terms and conditions of the Sub-financing Agreement (as defined below); and the term “Minimum Capital Subsidies” means the plural thereof.
21. “Minimum Subsidy Tender” means the competitive selection process for selecting eligible mini-grid or solar rooftop solution developers or operators to receive a Minimum Capital Cost Subsidy based on a reverse auction of subsidy requested, and where developers or operators compete on the basis of quality (technical proposal) and price (minimum subsidy requirement) to build, own, and operate solar hybrid mini grids.
22. “Nigerian Electricity Regulatory Commission” means the Recipient’s Nigerian Electricity Regulatory Commission established under the Electricity Act 2023, or any successor thereto.
23. “Nigerian Electricity Management Services Agency” means the Recipient’s Nigerian Electricity Management Services Agency (NEMSA) established by NEMSA Act No.6 of 2015, or any successor thereto.
24. “Operating Costs” means the incremental expenses incurred on account of Project implementation based on the Annual Work Plan and Budget, and consisting of, audit fees, expenditures for office supplies, vehicle operation and maintenance, maintenance of equipment, communication and insurance costs, office administration costs, utilities, rental, consumables, accommodation, travel and *per diem*, and salaries of Project staff, but excluding the salaries of the Recipient’s civil service, meeting allowances, other sitting allowances, salary top ups and all honoraria.
25. “Participating States” mean Lagos State and such additional state that satisfy the eligibility criteria set out in the PIM and that may be selected to participate in the Project as agreed between the Recipient and the Association.
26. “Performance Based Condition” or “PBC” means an indicator, set forth in the Annex to Schedule 2 to this Agreement, comprised of a number of Performance Based Results (PBRs) in respect of which partial or total failure to achieve may

result in withdrawal of lesser amounts, withholding, reallocation, or cancellation of the Financing Proceeds allocated to such PBRs under Section III.A of Schedule 2 to this Agreement.

27. “Performance-Based Grant” or “PBG” means a grant provided or to be provided to an eligible mini-grid operator Beneficiary or an SAS company Beneficiary who shall have met the section criteria set out in the PIM for carrying out Part 1.2 or Part 2.1 of the Project pursuant to the terms and conditions of the Sub-financing Agreement (as defined below); and the term “Performance-Based Grants” means the plural thereof.
28. “Procurement Regulations” means, for purposes of paragraph 85 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated September 2023.
29. “Project Implementation Manual” or “PIM” means the manual, in form and substance satisfactory to the Association, referred to in Section I.C of Schedule 2 to this Agreement.
30. “Project Management Unit” or “PMU” means the unit referred to in Section I.A of Schedule 2 to this Agreement.
31. “REA’s Legislation” means the Recipient’s Electric Power Sector Reform Act of 2005, and the Recipient’s Rural Electricity Strategy and Implementation Plan, approved July 2016.
32. “REA’s Respective Part of the Project” means Parts 1.1(a), 1.1(b), 1.2, 2, 3.1, and 3.2 of the Project.
33. “Rural Electrification Agency” or “REA” means the agency established in 2005, pursuant to the Electric Power Sector Reform Act 2005, for the purpose of grid expansion, development of isolated mini-grid systems and renewable energy power generation.
34. “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.
35. “Sub-financing Agreement” means an agreement entered into, or to be entered into, between the PIE and a Beneficiary, for the purpose of extending a Sub-financing to such Beneficiary on the terms and conditions set forth or referred to in Section I.E of Schedule 2 to this Agreement; and the term “Sub-financing Agreements” means the plural thereof.
36. “Sub-financings” mean the Minimum Capital Subsidies, Performance-Based Grants, and Catalytic Grants collectively, made or to be made to Beneficiaries to

finance Sub-projects under Parts 1 and 2 of the Project, and the term “Sub-financing” means any of the Minimum Capital Subsidies, Performance-Based Grants, and Catalytic Grants.

37. “Sub-project” means the Project activities to be carried out by the Beneficiaries under Parts 1 and 2 of the Project.
38. “Training” means the costs associated with training, workshops and study tours provided under the Project, based on the Annual Work Plan and Budget approved by the Association pursuant to Section I.D of Schedule 2 to this Agreement, consisting of reasonable expenditures (other than expenditures for consultants’ services) for: (i) travel, room, board and *per diem* expenditures incurred by trainers and trainees in connection with their training and by non-consultant training facilitators; (ii) course fees; (iii) training facility rentals; and (iv) training material preparation, acquisition, reproduction and distribution expenses.
39. “Verification Agent” means the entity or entities listed in the Verification Protocol and referred to in Section I.G of Schedule 2 to this Agreement.
40. “Verification Protocol” means the Recipient’s protocol referred to in Section I.C of Schedule 2 to this Agreement, setting forth the basis and methodology for verification of the achievement of PBCs, as the same may be modified from time to time with the prior written agreement of the Association.