
LOAN NUMBER 9684-NG

Loan Agreement

(Accelerating Resource Mobilization Reforms Program-for-Results Operation)

between

FEDERAL REPUBLIC OF NIGERIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between FEDERAL REPUBLIC OF NIGERIA (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”). The Borrower and the Bank 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 — LOAN

- 2.01. The Bank agrees to lend to the Borrower the amount of seven hundred and fifty million United States Dollars (USD 750,000,000), as such amount may be converted from time to time through a Currency Conversion (“Loan”), to assist in financing the program described in Part 1 of Schedule 1 to this Agreement (“Program”) and the project described in Part 2 of Schedule 1 to this Agreement (“Project”, and together with the Program, hereinafter jointly referred to as the “Operation”).
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement. All withdrawals from the Loan Account shall be deposited by the Bank into an account specified by the Borrower and acceptable to the Bank.
- 2.03. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.05. The interest rate is the Reference Rate plus the Variable Spread; or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.
- 2.06. The Payment Dates are April 15 and October 15 in each year.
- 2.07. The principal amount of the Loan shall be repaid in accordance with Schedule 3 to this Agreement.

ARTICLE III — OPERATION

- 3.01. The Borrower declares its commitment to the objectives of the Operation. To this end, the Borrower shall: (i) carry out the Program and cause the Program to be carried out by the Federal Inland Revenue Service (FIRS) and the Nigeria Customs Service (NCS) in accordance with the provisions of Article V of the Program General Conditions; and (ii) carry out the Project through the Technical Services Department (TSD) and cause the Project to be carried out by FIRS and NCS in accordance with the provisions of Article V of the Project General Conditions, all in accordance with Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE BANK

- 4.01. The Additional Event of Suspension consists of the following, namely, any legislation, license or other legal or regulatory instrument related to the implementation of the Operation or the relevant ministries, departments, and agencies (MDAs) has been amended, suspended, abrogated, repealed, or waived so as to affect materially and adversely the achievement of the objectives of the Operation, or the ability of the Borrower or the MDAs to implement the Operation.
- 4.02. The Additional Event of Acceleration consists of the following, namely, the event specified in Section 4.01 of this Agreement occurs.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consists of the following, namely, the Borrower has adopted the Operations Manual in accordance with the provisions of Section I.C of Schedule 2 to this Agreement.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Borrower's Representative is its minister in charge of finance.
- 6.02. For purposes of Section 10.01 of the Program General Conditions and of the Project General Conditions:

- (a) the Borrower's address is:

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

- (b) the Borrower's Electronic address is:

Facsimile:

234-9-2343609

- 6.03. For purposes of Section 10.01 of the Program General Conditions and of the Project General Conditions:

- (a) the Bank's address is:

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

- (b) the Bank's Electronic Address is:

Telex:

Facsimile:

248423(MCI) or
64145(MCI)

1-202-477-6391

AGREED as of the Signature Date.

FEDERAL REPUBLIC OF NIGERIA

By



Authorized Representative

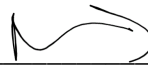
Name: Wale Edun

Title: Mr

Date: 19-Jun-2024

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By



Authorized Representative

Name: Taimur Samad

Title: Acting Country Director

Date: 14-Jun-2024

SCHEDULE 1

Operation Description

The objectives of the Operation are to raise non-oil revenues, and safeguard oil and gas revenues.

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

Part 1. The Program

The Program supports a subset of fiscal policy measures, administrative actions, and results under the Borrower's Accelerating Resource Mobilization Reforms (ARMOR) program and consists of the following activities:

- (a) ***Implement Tax and Excise Reforms.*** (i) Enhancing value-added tax (VAT) collections through improved VAT regulations, taxpayer outreach, and a helpdesk to enhance the number of registered VAT traders; (ii) rationalizing tax expenditures and reducing foregone revenue; and (iii) increasing revenues by raising excise rates on pro-health and "green" taxes.
- (b) ***Strengthen Tax Revenue and Customs Administrations.*** (i) Increasing VAT and corporate income tax (CIT) compliance by improving information and communications technology systems to allow for electronic filing and payment options to lower the costs of compliance for taxpayers; (ii) increasing accuracy of VAT-trader declarations through the introduction of electronic invoicing for VAT-registered traders; (iii) increasing revenues from audits by: (A) implementing automated data exchange between FIRS and NCS; and (B) building an effective risk-based audit system; and (iv) strengthening of customs administration by: (A) facilitating compliant trade flows; (B) increasing the processing of goods through the Green Channel; and (C) implementing more effective post-clearance audits.
- (c) ***Safeguard Oil and Gas Revenues.*** (i) Increasing transparency of NNPC financial and operational performance through a forensic audit and regular production of enhanced reports submitted to FAAC; and (ii) increasing net oil and gas revenues transferred to the Federation.

Part 2. The Project

The Project consists of the following activities to support implementation of the Program and overall capacity building:

- (a) **Technical assistance to FIRS.** Support to FIRS in: (i) the development and implementation of a robust third-party data sharing platform; (ii) the design of compliance and training control programs for VAT and CIT; (iii) the development, design and implementation of the e-invoicing system, and implementation of a communications plan; and (iv) the development of a risk-based audit assessment program for VAT and CIT.
- (b) **Technical assistance to NCS.** Support to NCS in: (i) the design and implementation of administrative processes, including sanctions for noncompliance with excise rules; (ii) the improvement of risk management, and procedures for post clearance audits; (iii) the operationalization of the AEO model; (iv) the enhancement of financial controls on excisable goods, including support for the procurement of hardware and associated expertise; (v) the implementation of centralized control room systems with backup and disaster recovery capacity; and (iv) the training of NCS staff in revenue compliance and enforcement activities.
- (c) **Project Management.** Support to the PCU in Project management, including engagement of the independent verification agent (IVA), support for the Operating Costs of the PCU, hiring of specialists within the PCU and capacity building to the tax policy unit of the FMF, communications and outreach, and monitoring and evaluation of the Operation.

SCHEDULE 2

Operation Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. ARMOR Program Steering Committee
 - (a) The Borrower shall, no later than three (3) months after the Effective Date, establish and thereafter maintain throughout the implementation of the Operation, an ARMOR Program Steering Committee (SC), with functions, composition and resources satisfactory to the Bank.
 - (b) Without limitation to the provisions of sub-paragraph (a) above, the SC shall be chaired by the Minister of Finance, with the PSF as its Secretary and include as members the heads of TSD, FIRS, and NCS, as further detailed in the Operations Manual.
2. ARMOR Technical Committee
 - (a) The Borrower shall, no later than three (3) months after the Effective Date, establish and thereafter maintain throughout the implementation of the Operation, an ARMOR Technical Committee (TC) with functions, composition and resources satisfactory to the Bank.
 - (b) Without limitation to the provisions of sub-paragraph (a) above, the TC shall be chaired by the PSF and comprising relevant directors of TSD, FIRS, and NCS as further detailed in the Operations Manual.
 - (c) Without limitation to the provisions of sub-paragraph (a) above, the TC shall be responsible for providing technical oversight and implementation monitoring to ensure that critical actions are on track towards the achieving of the DLIs, all as further specified in the Operations Manual.
3. ARMOR Project Coordinating Unit
 - (a) The Borrower shall establish and thereafter maintain throughout the implementation of the Operation, an ARMOR Project Coordinating Unit (PCU) within the TSD and reporting directly to the Office of the Permanent Secretary of Finance (PSF) with functions, composition, and resources satisfactory to the Bank.

- (b) Without limitation to the provisions of sub-paragraph (a) above, the PCU shall report directly to the PSF, and serve as the secretariat for the SC and the TC, headed by a director-level program coordinator and supported by a professional project manager with staff from the FMF and special assistants or consultants as may be necessary for the PCU to fulfill its responsibilities, including but not limited to procurement, environmental and social, monitoring and evaluation, financial management and communications, all with qualifications, experience and integrity, and with terms of reference acceptable to the Bank, and as further defined in the Operations Manual.
- (c) Without limitation to sub-paragraph (a) above, the PCU shall be responsible for: (i) supporting the TC; (ii) monitoring and coordinating the implementation of the Program in line with guidance from the TC; (iii) implementing the Project; and (iv) facilitating the work of the SC and the TC.

B. Subsidiary Agreements

1. To facilitate the carrying out by FIRS and by NCS of their respective parts of the Program and the Project, the Borrower shall, no later than three (3) months after the Effective Date or such other date as the Bank may establish by notice to the Borrower, enter into: (a) a subsidiary agreement with FIRS (“FIRS Subsidiary Agreement”); and (b) a subsidiary agreement with NCS (“NCS Subsidiary Agreement” and together with the FIRS Subsidiary Agreement, the “Subsidiary Agreements”), under terms and conditions acceptable to the Bank.
2. The Borrower shall exercise its rights under the Subsidiary Agreements in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the Subsidiary Agreements or any of its provisions.

C. Operations Manual

- (a) The Borrower shall prepare and furnish to the Bank for review, a manual which shall include provisions on the following matters:
 - (i) institutional arrangements for the oversight, coordination, management of the Operation, including details on the respective roles and responsibilities of the SC, TC and PCU, and the MDAs;
 - (ii) financial management arrangements including disbursement, funds flow and payment protocols;

- (iii) detailed arrangements for verification of achievement of the DLIs (including the Verification Protocol);
 - (iv) arrangements for preventing, detecting, reporting, investigation, remediation and otherwise addressing fraud and corruption, including compliance with the Anti-Corruption Guidelines;
 - (v) monitoring and evaluation, reporting and communication; the grievance redress mechanism;
 - (vi) with regard to the Project, procurement and environmental and social matters;
 - (vii) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Operation; and
 - (viii) the Program Action Plan, as an annex.
- (b) The Borrower shall afford the Bank a reasonable opportunity to exchange views with the Borrower 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 Borrower 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) The Borrower shall not amend, abrogate or waive any provision of the Operations Manual without the prior consent of the Bank and such consent shall not be unreasonably withheld.

D. Additional Program Implementation Arrangements

1. Program Action Plan

- (a) The Borrower shall carry out the Program Action Plan, in accordance with the schedule set out in the said Program Action Plan, in a manner satisfactory to the Bank.
- (b) The Borrower shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, any of the Program Action Plan provisions without the prior consent of the Bank and such consent shall not be unreasonably withheld.

2. Independent Verification for the Program

- (a) Not later than ninety (90) days after the Effective Date, the Borrower shall:
 - (i) recruit an independent verification agency or independent verification agencies (“Independent Verification Agent(s)” or “IVA(s)”), as the case may be, under terms of reference(s) satisfactory to the Bank, to be responsible for preparing and providing verifications reports in accordance with the Verification Protocol, certifying the achievement of those DLI/DLRs indicated to be verified by such independent verification agency or agencies in the Verification Protocol; and
 - (ii) furnish the verification reports to the Bank in such scope and in such details as the Bank shall request.
- (b) The Borrower shall ensure that the verifications are carried out and that the verification reports are prepared in compliance with the procedures set forth in the Verification Protocol.

E. Additional Project Implementation Arrangements

1. Annual Work Plan and Budget for the Project

- (a) Each year the Borrower shall, and shall cause FIRS and NCS to, 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 Bank shall have reasonably requested.
- (b) The Borrower shall cause FIRS and NCS to furnish to the Borrower, as soon as available, but in any case not later than November 10 of each year, their annual work plans and budget referred to in paragraph 1 above, for the Borrower’s review and inclusion into the Borrower’s consolidated annual work plan and budget; except for the annual work plan and budget for the Project for the first year of Project implementation, which shall be furnished to the Borrower no later than seventy (70) days after the Effective Date.
- (c) The Borrower shall furnish to the Bank, 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 ninety (90) days after the Effective Date. Only the activities included in an annual work plan and budget expressly approved by the Bank (each an “Annual Work Plan and Budget”) are eligible to a financing from the proceeds of the Loan.

- (d) The Borrower shall, and shall cause FIRS and NCS to, 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.
- (e) The Borrower shall not amend, abrogate or waive any provision of the Annual Work Plan and Budget without the prior consent of the Bank and such consent shall not be unreasonably withheld.

2. Environmental and Social Standards

- (a) The Borrower shall, and shall cause FIRS and NCS to, ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.
- (b) Without limitation upon paragraph (a) above, the Borrower shall, and shall cause FIRS and NCS to, ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan (“ESCP”), in a manner acceptable to the Bank. To this end, the Borrower shall, and shall cause FIRS and NCS to, ensure that:
 - (i) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;
 - (ii) sufficient funds are available to cover the costs of implementing the ESCP;
 - (iii) 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
 - (iv) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Bank shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
- (c) In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
- (d) The Borrower shall, and shall cause FIRS and NCS to, ensure that:
 - (i) all measures necessary are taken to collect, compile, and furnish to the Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Bank, 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 Bank, 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

(ii) the Bank 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.

(e) The Borrower shall, and shall cause FIRS and NCS 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 Bank.

Section II. Excluded Activities

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

- (a) in the opinion of the Bank, 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 \$50,000,000 equivalent or more per contract; (2) goods, estimated to cost \$30,000,000 equivalent or more per contract; (3) non-consulting services, estimated to cost \$30,000,000 equivalent or more per contract; or (4) consulting services, estimated to cost \$15,000,000 equivalent or more per contract.

Section III. Program Monitoring, Reporting and Evaluation

The Borrower shall furnish to the Bank each Program Report not later than one (1) month after the end of each calendar semester, covering the calendar semester.

Section IV. Withdrawal of Loan 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 Borrower may withdraw the proceeds of the Loan to:
 - (a) finance Program Expenditures (inclusive of Taxes), on the basis of the results (“Disbursement Linked Results” or “DLRs”) achieved by the Borrower, FIRS, and NCS, as measured against specific indicators (“Disbursement Linked Indicators” or “DLIs”), in the amount allocated to Categories (1) and (2) with respect to the Program;
 - (b) finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against Category (3) with respect to the Project; and
 - (c) pay the Front-end Fee; all as set forth in the table in paragraph 2 of this Part A and in the DLI/DLR Matrix set forth in Schedule 4.
2. The following table specifies each category of withdrawal of the proceeds of the Loan (including the Disbursement Linked Indicators as applicable) (“Category”), and the allocation of the amounts of the Loan to each Category:

Category (including Disbursement Linked Indicators as applicable)	Amount of the Financing Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) DLIs under the Program (Part 1 of the Operation) ¹	547,500,000	Not Applicable
(2) DLI Prior Results under the Program (Part 1 of the Operation)	182,500,000	Not Applicable
(3) Goods, consulting services, non-consulting services, Training and Workshops, and Operating Costs under the Project (Part 2 of the Operation)	18,125,000	100%
(4) Front-end Fee to be paid pursuant to Section 2.03 of this Agreement in accordance with Section 2.05 (b) of the General Conditions	1,875,000	100%
TOTAL AMOUNT	750,000,000	

The specific DLIs and DLRs under Categories (1) and (2) are set forth in the DLI/DLR Matrix in Schedule 4.

B. Withdrawal Conditions for the Program

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 \$182,500,000 may be made on the basis of DLRs achieved prior to this date but on or after September 29, 2021; and
- (b) for any DLR, until and unless the Borrower has furnished evidence satisfactory to the Bank that said DLR has been achieved.

2. Notwithstanding the provisions of Part B.1 (b) of this Section, if any of the DLRs has not been achieved by the date by which the said DLR is set to be achieved (or such later date as the Bank has established by notice to the Borrower), the Bank may, by notice to the Borrower: (a) authorize the withdrawal of such lesser amount of the unwithdrawn proceeds of the Loan then allocated to said Category which, in the opinion of the Bank, corresponds to the extent of achievement of said DLR, said lesser amount to be calculated in accordance with the disbursement formula for each of the relevant DLRs mentioned above as set out in the table Schedule 4 to this Agreement; (b) reallocate all or a portion of the proceeds of the Loan then allocated to said DLR to any other DLR; and/or (c) cancel all or a portion of the proceeds of the Loan then allocated to said DLR.

C. Withdrawal Conditions for the Project

Notwithstanding the provisions of Part A, with respect to Category (3), no withdrawal shall be made for payments made in respect of the Project prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed \$2,000,000 may be made for payments made prior to this date but on or after May 1, 2024, for Eligible Expenditures.

D. Operation Withdrawal Period

The Closing Date is November 30, 2028.

SCHEDULE 3

Commitment-Linked Amortization Repayment Schedule

The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (“Installment Share”).

Level Principal Repayments

Principal Payment Date	Installment Share
On each April 15 and October 15 Beginning October 15, 2035, through October 15, 2047	3.85%
On April 15, 2048	3.75%

SCHEDULE 4

DLI/DLR Matrix

Category (Including Disbursement Linked Indicator as applicable)	Disbursement Linked Result(s) (as applicable)	Disbursement Calculation Formula (as applicable)	Amount of the Loan Allocated (expressed in USD)
(1) DLI 1: Increased revenues from VAT			135,000,000
	DLR 1.1: Revenues collected from VAT as a ratio of non-oil GDP, as per the Verification Protocol, has increased to a target of 1.8%	$DLR\ price \times \left[\frac{(quantity_t - Baseline)}{(Target - Baseline)} \right]$	105,000,000
	DLR 1.2: The number of VAT filers has increased, with a target of 660,000 people	$DLR\ price \times \left[\frac{(quantity_t - Baseline)}{(Target - Baseline)} \right]$	30,000,000
(2) DLI 2: Reduced forgone revenues			35,000,000
	DLR 2.1: By December 31, 2023, the exemption of interest on corporate bonds removed and capital gains over NGN100 million taxed, as per the Verification Protocol	N/A	10,000,000
	DLR 2.2: By December 31, 2024, The Pioneer Status Industry Tax Incentive (PSIT) scheme was rationalized, as per the Verification Protocol	N/A	10,000,000
	DLR 2.3: Additional revenues collected from lower tax expenditures as a percent of non-oil GDP has increased, as per the Verification Protocol, with a target of 0.2% of non-oil GDP	$DLR\ price \times \left[\frac{(quantity_t - Baseline)}{(Target - Baseline)} \right]$	15,000,000
(3) DLI 3: Increased revenue from pro-health and green taxes			85,000,000

Category (Including Disbursement Linked Indicator as applicable)	Disbursement Linked Result(s) (as applicable)	Disbursement Calculation Formula (as applicable)	Amount of the Loan Allocated (expressed in USD)
	DLR 3.1: A presidential order issued to increase excises on sin goods, as per the Verification Protocol	N/A	10,000,000
	DLR 3.2: Revenue collected from excises on sin goods has increased as a percentage of non-oil GDP, as per the Verification Protocol, with a target of 0.3%	$DLR\ price \times \left[\frac{(quantity_t - Baseline)}{(Target - Baseline)} \right]$	35,000,000
	DLR 3.3: A presidential order issued to introduce “green” excises, as per the Verification Protocol	N/A	10,000,000
	DLR 3.4: Revenue collected from “green” excises has increased as a percentage of non-oil GDP, as per the Verification Protocol, with a target of 0.2%	$DLR\ price \times \left[\frac{(quantity_t - Baseline)}{(Target - Baseline)} \right]$	30,000,000
(4) DLI 4: Increased on time on-line e-filing and e-payments			80,000,000
	DLR 4.1: Online on-time filing compliance rate for CIT, as per the Verification Protocol, with a target of 55%	$DLR\ price \times \left[\frac{(quantity_t - Baseline)}{(Target - Baseline)} \right]$	28,333,334
	DLR 4.2: Online on-time filing compliance rate for VAT, as per the Verification Protocol, with a target of 85%	$DLR\ price \times \left[\frac{(quantity_t - Baseline)}{(Target - Baseline)} \right]$	23,333,333
	DLR 4.3: Online VAT payment rate has increased, as per the Verification Protocol, with a target of 60%	$DLR\ price \times \left[\frac{(quantity_t - Baseline)}{(Target - Baseline)} \right]$	28,333,333
(5) DLI 5: Enhanced VAT voluntary compliance			65,000,000
	DLR 5.1: E-invoice system launched for VAT traders, as per the Verification Protocol	N/A	20,000,000
	DLR 5.2: E-invoice system adopted by traders, as per Verification Protocol, with a target of 30% of traders	$DLR\ price \times \left[\frac{(quantity_t - Baseline)}{(Target - Baseline)} \right]$	45,000,000

Category (Including Disbursement Linked Indicator as applicable)	Disbursement Linked Result(s) (as applicable)	Disbursement Calculation Formula (as applicable)	Amount of the Loan Allocated (expressed in USD)
(6) DLI 6: Improved tax audits			65,000,000
	DLR 6.1: By April 31, 2024, the FIRS system receives NITDA certification, as per the Verification Protocol	N/A	15,000,000
	DLR 6.2: An automated and integrated data sharing between NCS and FIRS is functional, as per the Verification Protocol	N/A	15,000,000
	DLR 6.3: A centralized risk-based tax audit selection system is launched, as per the Verification Protocol	N/A	10,000,000
	DLR 6.4: Tax audit cases selected using a centralized risk-based system, as per the Verification Protocol, with a target of 30% of cases	$DLR\ price \times \left[\frac{(quantity_t - Baseline)}{(Target - Baseline)} \right]$	25,000,000
(7) DLI 7: Increased compliant trade flows			60,000,000
	DLR 7.1: By December 31, 2023, a compliant trader program launched and an Authorized Economic Operator (AEO) framework enacted, as per the Verification Protocol	N/A	15,000,000
	DLR 7.2: Customs registered, accredited, and compliant firms, as per the Verification Protocol, with a target of 300 companies	$DLR\ price \times \left[\frac{(quantity_t - Baseline)}{(Target - Baseline)} \right]$	10,000,000
	DLR 7.3: Percent of goods directed through Green Channel, as per the Verification Protocol, with a target of 15% of the total number of containers or consignments cleared	$DLR\ price \times \left[\frac{(quantity_t - Baseline)}{(Target - Baseline)} \right]$	35,000,000
(8) DLI 8: Increased customs revenues through better risk management and enhanced PCA			40,000,000

Category (Including Disbursement Linked Indicator as applicable)	Disbursement Linked Result(s) (as applicable)	Disbursement Calculation Formula (as applicable)	Amount of the Loan Allocated (expressed in USD)
	DLR 8.1: Risk Management and Compliance based criteria for conducting targeted and random inspections, as per the Verification Protocol	N/A	10,000,000
	DLR 8.2: Revenue assessed from the Post Clearance Audit (PCA) Unit increases, with a target of one hundred and ten billion (110,000,000,000) Naira	$DLR\ price \times \left[\frac{(quantity_t - Baseline)}{(Target - Baseline)} \right]$	30,000,000
(9) DLI 9: Enhanced transparency and increased oil revenue flows			165,000,000
	DLR 9.1: A forensic audit of NNPC has been completed, as per the Verification Protocol	N/A	15,000,000
	DLR 9.2(a): By March 2025, the Federal Account Allocation Committee (FAAC) approves an enhanced template for NNPC reporting.	N/A	5,000,000
	DLR 9.2(b): Three months after the approval of the enhanced reporting template, FAAC receives reports from NNPC, which include: (i) the total oil lifted in all the operations it supervises; (ii) existing liabilities; (iii) forward crude oil sales; and (iv) outstanding fiscal and regulatory (such as gas flare) payments, as per the Verification Protocol, with a target of 33	$DLR\ price \times \left[\frac{(quantity_t - Baseline)}{(Target - Baseline)} \right]$	55,000,000
	DLR 9.3: Net fiscal oil revenues as a ratio of GDP has increased, as per the Verification Protocol, with a target of 2.5% of GDP	$DLR\ price \times \left[\frac{(quantity_t - Baseline)}{(Target - Baseline)} \right]$	90,000,000
	TOTAL AMOUNT		730,000,000

APPENDIX

Definitions

1. “Annual Work Plan and Budget” means the annual work plan and budget for the Project to be prepared by the Borrower, with input from FIRS and NCS, and approved by the Bank pursuant to Section I.E.1 of Schedule 2 to this Agreement.
2. “Anti-Corruption Guidelines” means, collectively, the Project Anti-Corruption Guidelines and the Program Anti-Corruption Guidelines.
3. “ARMOR Program Steering Committee” and the acronym “SC” mean the committee to be established and with the composition and functions as set out in Section I.A.1 of Schedule 2 to this Agreement.
4. “ARMOR Technical Committee” and the acronym “TC” mean the committee to be established and with the composition and functions as set out in Section I.A.2 of Schedule 2 to this Agreement.
5. “Authorized Economic Operator” and the acronym “AEO” mean the simplified framework established by the Borrower to enhance the volume of trade processed by facilitating trade by accredited compliant or low-risk traders.
6. “Category” means a category set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.
7. “Disbursement Linked Indicator” and the acronym “DLI” mean in respect of a given Category, the indicator related to said Category as set forth in the table in Schedule 4 to this Agreement.
8. “Disbursement Linked Result” and the acronym “DLR” mean in respect of a given Category, the result under said Category as set forth in the table in Schedule 4 to this Agreement, on the basis of the achievement of which, the amount of the Loan allocated to said result may be withdrawn in accordance with the provisions of said Section IV.
9. “Environmental and Social Commitment Plan” and the acronym “ESCP” mean the environmental and social commitment plan for the Project, dated May 3, 2024, 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 Borrower 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
10. “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”; and (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Bank at its website.
11. “Federal Inland Revenue Service” and the acronym “FIRS” mean a body corporate established under the Federal Inland Revenue Service (establishment) Act 2007 and any successor thereto responsible to assess, collect, account and enforce payment of taxes.
 12. “Federal Ministry of Finance” and the acronym “FMF” mean the Borrower’s Federal Ministry of Finance and any successor thereto responsible for finance.
 13. “Federation Accounts Allocation Committee” and the acronym “FAAC” mean a secretariat under the Federal Ministry of Finance, responsible for reviewing and adopting the allocation of funds to States of the Federal Republic of Nigeria, ensuring prompt payment to each State treasury account and making annual reports to the National Assembly in respect of the functions specified.
 14. “General Conditions” means the Program General Conditions and/or the Project General Conditions, as applicable.
 15. “Green Channel” means a special clearance of low or no risk goods that is done without routine physical examination of the goods.
 16. “Green Excises” means taxes in the form of excises on high polluting products, including (without limitation) vehicles with an engine capacity over 2000 cc, other than mass-transit vehicles, and single-use plastics.
 17. “Independent Verification Agent(s)” or “IVA(s)” means independent agency or agencies to be engaged by the Borrower for the purposes of certifying the achievement of the DLRs as referred to Section I.D.2(a) of Schedule 2 to this Agreement.
 18. “MDA” means the Borrower’s ministries, departments, and agencies involved in the implementation of the Operation, including (without limitation) FMF, FIRS, FAAC, and NCS.
 19. “Naira” or “NGN” means the currency of the Borrower.
 20. “National Information Technology Development Agency” and the acronym “NITDA” mean the institution established by the National Information Technology Development Agency Act 2007 as the information and communications technology policy implementing arm of the Borrower’s Federal Ministry of Communication and Digital Economy.
 21. “Nigerian National Petroleum Corporation” and the acronym “NNPC” mean a limited liability company, incorporated under the Companies and Allied Matters Act, pursuant to Section 53 of the Petroleum Industry Act 2021.

22. “Nigeria Customs Service” or the acronym “NCS” means a body established under Section 1 of the Nigeria Customs Service Act, 2023.
23. “Operating Costs” means the incremental expenses incurred by the Secretariat based on annual budgets approved by the Bank attributable to Project implementation, management, and monitoring, including office supplies and consumables; communication costs; operation and maintenance of office vehicles; per diem and travel costs for Project staff; reasonable bank charges; and allowances and salaries of the Project’s contractual staff (but excluding the salaries of the Borrower’s civil servants).
24. “Operations Manual” means the manual referred to in Section I.C of Schedule 2 to this Agreement, to be adopted by the Borrower for the Operation in accordance with the provisions of said Section, as such manual may be amended from time to time with the agreement of the Bank.
25. “Permanent Secretary of Finance” and the acronym “PSF” mean the chief accounting officer and head of the civil service of the Federal Ministry of Finance.
26. “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.
27. “Program Action Plan” means the Borrower’s plan referred to in Section I.D.1 of Schedule 2 to this Agreement, as may be amended from time to time with the agreement of the Bank.
28. “Program Anti-Corruption Guidelines” means, for purposes of paragraph 6 of the Appendix to the Program General Conditions, the Bank’s “Guidelines on Preventing and Combating Fraud and Corruption in Program-for-Results Financing,” dated February 1, 2012, and revised July 10, 2015.
29. “Project Anti-Corruption Guidelines” means, for purposes of paragraph 6 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.
30. “Project Coordinating Unit” and the acronym “PCU” mean the project coordinating unit to be established within the TSD and reporting directly to the Office of the PSF and with the composition and functions as set out in Section I.A.3 of Schedule 2 to this Agreement.
31. “Program General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Program-for-Results Financing”, dated December 14, 2018 (Last revised on July 15, 2023).
32. “Project General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Investment Project Financing”, dated December 14, 2018 (revised on July 15, 2023).
33. “Signature Date” means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to “the date of the Loan Agreement” in the General Conditions.

34. “Technical Services Department” and the acronym “TSD” mean the department established within the FMF and containing the PCU.
35. “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 Bank, 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.
36. “Verification Protocol” means the Borrower’s protocol, acceptable to the Bank, setting forth the means by which the achievement of DLRs will be verified under the Program, as such Verification Protocol may be amended from time to time with the prior written agreement of the Bank.