
CREDIT NUMBER 7567-NG

Financing Agreement

**(Reforms for Economic Stabilization to Enable Transformation
Development Policy Financing)**

between

FEDERAL REPUBLIC OF NIGERIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between FEDERAL REPUBLIC OF NIGERIA (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Association has decided to provide this financing on the basis, *inter alia*, of: (i) the Recipient’s actions under the Program described in Section I of Schedule 1 to this Agreement; and (ii) the Recipient’s maintenance of an adequate macroeconomic policy framework.

WHEREAS the Recipient has requested the International Bank for Reconstruction and Development (“Bank”) to contribute to the financing of the Program with a loan in the amount of seven hundred fifty million Dollars (\$750,000,000) (“Loan”).

The Recipient and the Association therefore 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 seven hundred and fifty million Dollars (\$750,000,000) (variously, “Credit” and “Financing”).
- 2.02. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.
- 2.03. The Payment Dates are April 15 and October 15 in each year.
- 2.04. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 2 to this Agreement.
- 2.05. The Payment Currency is Dollar.
- 2.06. Without limitation upon the provisions of Section 5.05 of the General Conditions, the Recipient shall promptly furnish to the Association such information relating to the provisions of this Article II as the Association may, from time to time, reasonably request.

ARTICLE III — PROGRAM

- 3.01. The Recipient declares its commitment to the Program and its implementation. To this end, and further to Section 5.05 of the General Conditions:
- (a) the Recipient and the Association shall from time to time, at the request of either party, exchange views on the Recipient's macroeconomic policy framework and the progress achieved in carrying out the Program and the actions specified in Section I.B of Schedule 1 to this Agreement;
 - (b) prior to each such exchange of views, the Recipient shall furnish to the Association for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Association shall reasonably request; and
 - (c) without limitation upon the provisions of paragraphs (a) and (b) of this Section, the Recipient shall promptly inform the Association of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program, including any action specified in Section I of Schedule 1 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension consists of the following, namely, a situation has arisen which shall prevent the Recipient from carrying out the Program, or the actions under the Program described in Section I of Schedule 1 of this Agreement.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) The Association is satisfied with the progress achieved by the Recipient in carrying out the Program and with the adequacy of the Recipient's macroeconomic policy framework.
 - (b) The Loan Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of the Financing Agreement) have been fulfilled.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient's Representative is its minister in charge of finance.

6.02. 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

6.03. 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



Authorized Representative

Name: Wale Edun

Title: Mr

Date: 19-Jun-2024

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: Taimur Samad

Title: Acting Country Director

Date: 14-Jun-2024

SCHEDULE 1

Program Actions; Availability of Financing Proceeds

Section I. Actions under the Program

- A. **Actions Taken Under the Program.** The actions taken by the Recipient under the Program include the following:

Pillar 1: Build Fiscal Space

1. To increase net oil revenues, the Recipient has increased the price of gasoline and terminated deductions from oil revenues for the under-recovery of import costs through which the cost of the gasoline subsidy was paid for out of budgeted federation oil revenues, as evidenced by the Recipient's 2023 Appropriations Act.
2. To increase non-oil revenues, the Recipient has: (a) rationalized tax expenditures, by removing the reconstruction investment allowance, the rural investment allowance, and the exemption on incomes in convertible currencies; (b) allowed the introduction of an excise duty on all services; and (c) introduced a capital gains tax on digital assets, as evidenced by the Recipient's Finance Act, 2023.
3. To increase non-oil revenues and improve the transparency and accountability of ministries, departments, and agencies (MDAs) and government-owned entities (GOEs), the Recipient has opened new Treasury Single Account sub-accounts for all MDAs and GOEs and given effect to a revenue remittance model that automatically transfers the due remittances to the Consolidated Revenue Fund through Finance Circular Ref. No. FMFCME/OTHERS/IGR/CFR/21/2023 of the Federal Ministry of Finance dated December 28, 2023.

Pillar 2: Protect the Poor and Economically Insecure

4. To cushion the impact of the gasoline price increase on poor and economically insecure households, the Recipient has approved and begun to roll out a targeted cash transfer program.
5. To improve affordability and facilitate trade, the Recipient has eliminated its negative import list of forty-three (43) product categories.

- B. **Actions to be Taken Under the Program.** The actions to be taken by the Recipient under the Program include the following:

Pillar 1: Build Fiscal Space

1. To increase net oil revenues, the Recipient has issued a Presidential Executive Order that mandates that all fiscal transfers to the Federal Government, including from sales of crude oil or importation of gasoline, are executed at the market prevailing exchange rate, with a time-bound implementation period.
2. To increase non-oil revenues and reform the VAT regime, the Recipient has submitted to the National Assembly a draft bill to progressively increase the VAT rate to at least 12.5 percent by 2026 and allow input tax credits for capital and services.

Pillar 2: Protect the Poor and Economically Insecure

3. To strengthen the effectiveness of social protection delivery, the Recipient has submitted to the National Assembly a revised National Social Investment Programmes Bill that mandates the use of the national social registry as primary targeting tool for social investment programs.

Section II. Availability of Financing Proceeds

- A. General.** The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of this Section and such additional instructions as the Association may specify by notice to the Recipient.
- B. Allocation of Financing Amounts.** The Financing is allocated in a single withdrawal tranche, from which the Recipient may make withdrawals of the Financing proceeds. The allocation of the amounts of the Financing to this end is set out in the table below:

Allocations	Amount of the Financing Allocated (expressed in USD)
(1) Single Withdrawal Tranche	750,000,000
TOTAL AMOUNT	750,000,000

- C. Withdrawal Tranche Release Conditions.** No withdrawal shall be made of the Single Withdrawal Tranche unless the Association is satisfied: (a) with the Program being carried out by the Recipient; and (b) with the adequacy of the Recipient’s macroeconomic policy framework.

D. Deposit of Financing Amounts.

1. Notwithstanding the provisions of Section 2.03 of the General Conditions:
 - (a) the Recipient shall open, prior to furnishing to the Association the first request for withdrawal from the Financing Account, and thereafter maintain on terms and conditions satisfactory to the Association, a dedicated account in Dollars (“Foreign Currency Dedicated Account”);
 - (b) all withdrawals from the Financing Account shall be deposited by the Association into the Foreign Currency Dedicated Account. Upon each deposit of an amount of the Financing into the Foreign Currency Dedicated Account, the Recipient shall deposit an equivalent amount in Nigerian Naira into the Recipient’s budget management system (consolidated revenue fund account), in a manner acceptable to the Association; and
 - (c) the Recipient, within thirty (30) days after the withdrawal of the Financing from the Financing Account, shall report to the Association: (a) the exact sum received into the Foreign Currency Dedicated Account; (b) the details of the account to which the Nigerian Naira equivalent of the Financing proceeds will be credited; (c) the record that an equivalent amount has been accounted for in the Recipient’s budget management systems (consolidated revenue fund account); and (d) the statement of receipts and disbursement of the Foreign Currency Dedicated Account.

E. Audit. The Recipient shall:

- (a) have the Foreign Currency Dedicated Account audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, within three (3) months after the withdrawal of the Financing from the Financing Account;
- (b) furnish to the Association as soon as available, but in any case, not later than six (6) months after the withdrawal of the Financing from the Financing Account, a certified copy of the report of such audit, of such scope and in such detail as the Association shall reasonably request, and make such report publicly available in a timely fashion and in a manner acceptable to the Association; and
- (c) furnish to the Association such other information concerning the Foreign Currency Dedicated Account and its audit as the Association shall reasonably request.

F. Closing Date. The Closing Date is June 30, 2025.

SCHEDULE 2

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each April 15 and October 15:	
Commencing October 15, 2030, to and including October 15, 2035	8.33334%
on April 15, 2036	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 renumbered Section 3.03 (b) (originally numbered Section 3.05 (b)) of the General Conditions.

APPENDIX

Section I. Definitions

1. “Federal Executive Council” means the body of ministers of the federal government of the Recipient, established by the president.
2. “Foreign Currency Dedicated Account” means the account referred to in Part D.1(a) of Section II of Schedule 1 to this Agreement.
3. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Development Policy Financing”, dated December 14, 2018 (Last revised on July 15, 2023), with the modifications set forth in Section II of this Appendix.
4. “Loan Agreement” means the loan agreement for the Program between the Recipient and the Bank, dated the same date as this Agreement, as such loan agreement may be amended from time to time. “Loan Agreement” includes all appendices, schedules and agreements supplemental to the Loan Agreement.
5. “National Assembly” means the legislative branch of the federal government of the Recipient.
6. “Nigerian Naira” means the official currency of the Recipient.
7. “Program” means: the program of objectives, policies, and actions set forth or referred to in the letter dated May 3, 2024, from the Recipient to the Association declaring the Recipient’s commitment to the execution of the Program, and requesting assistance from the Association in support of the Program during its execution and comprising actions taken, including those set forth in Section I of Schedule 1 to this Agreement, and actions to be taken consistent with the program’s objectives.
8. “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.
9. “Single Withdrawal Tranche” means the amount of the Financing allocated to the category entitled “Single Withdrawal Tranche” in the table set forth in Part B of Section II of Schedule 1 to this Agreement.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. Section 3.03 (Service Charge) and Section 3.04 (Interest Charge) are deleted in their entirety and the remaining Sections in Article III are renumbered accordingly, and all references to the Sections of Article III in any provision of the General Conditions are understood to be to such renumbered Sections.
2. Paragraph 64 (Interest Charge) in the Appendix is modified to read as follows:

“64. “Interest Charge” means the interest charge for the purpose of Section 3.07.
3. Paragraph 95 (Service Charge) in the Appendix is deleted in its entirety and the subsequent paragraphs are renumbered accordingly, and any reference to “Service Charge” or “Service Charges” in any provision of the General Conditions is deleted.