
CREDIT NUMBER 7268-NG

Financing Agreement
(Additional Financing for Power Sector Recovery Operation)

between

FEDERAL REPUBLIC OF NIGERIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

CREDIT NUMBER 7268-NG

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 additional financing for the Original Operation (as defined in the Appendix to this Agreement).

WHEREAS the Recipient has also requested the International Bank for Reconstruction and Development (“Bank”) to provide additional assistance towards the financing of the operation described in Schedule 1 to this Agreement (“Operation”) under an agreement of even date herewith between the Borrower and the Bank (“Loan Agreement”) pursuant to which the Bank is making a loan to the Borrower in an amount equal to four hundred forty-nine million Dollars (\$449,000,000) (“Loan”).

NOW, THEREFORE, the Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

- 2.01. The Association agrees to extend to the Recipient a credit, which is deemed as Concessional Financing for purposes of the General Conditions, in an amount equivalent to two hundred and twenty-nine million Special Drawing Rights (SDR 229,000,000) (variously, “Credit” and “Financing”), to assist in financing the Operation.
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement. All withdrawals from the Financing Account shall be deposited by the Association into an account specified by the Recipient and acceptable to the Association.
- 2.03. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.
- 2.04. The Service Charge is three-fourths of one percent (3/4 of 1%) per annum on the Withdrawn Credit Balance.

- 2.05. The Interest Charge is one and a quarter percent (1.25%) per annum on the Withdrawn Credit Balance.
- 2.06. The Payment Dates are April 1 and October 1 in each year.
- 2.07. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.08. The Payment Currency is Dollar.

ARTICLE III — OPERATION

- 3.01. The Recipient declares its commitment to the objectives of the Operation. To this end, the Recipient shall carry out, and cause the Nigerian Electricity Regulatory Commission (NERC), the Nigerian Bulk Electricity Trading PLC (NBET), and the Transmission Company of Nigeria (TCN) to carry out, the program described in Part 1 of Schedule 1 to this Agreement (“Program”) in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Events of Suspension consist of the following, namely, that in the opinion of the Association:
 - (a) The Electric Power Sector Reform Act 2004 has been amended, suspended, abrogated, repealed or waived so as to materially and adversely affect the ability of NERC, NBET, Bureau of Public Enterprise (BPE), DISCOs and/or TCN to perform any of their respective obligations arising under this Agreement; or of the Recipient to achieve the objectives of the Operation.
 - (b) Any other legislation, license or other legal or regulatory instrument related to the implementation of the Operation, or the Implementing Entities 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 Recipient or Implementing Entities to implement the Operation.
- 4.02. The Additional Event of Acceleration consists of the following, namely, that the event specified in paragraph (a) or (b) of Section 4.01 of this Agreement occurs.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consists of the following:
- (a) the TCN Subsidiary Agreement has been executed and delivered on behalf of the Recipient and TCN;
 - (b) TCN has adopted the Operations Manual in accordance with the provisions of Section I.E of Schedule 2 to this Agreement; and
 - (c) all conditions precedent to the effectiveness of the Loan Agreement other than the effectiveness of this Agreement shall have been fulfilled.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.
- 5.03. 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 VI — REPRESENTATIVE; ADDRESSES

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

Facsimile:

234-9-2343609
- 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: Minister of Finance

Date: 21-Dec-2023

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: Shubham Chaudhuri

Title: Nigeria Country Director

Date: 18-Nov-2023

SCHEDULE 1

Operation Description

The objectives of the Operation are to improve the reliability of electricity supply, achieve financial and fiscal sustainability, and enhance accountability.

The Operation consists of the Original Operation and the following additional activities:

Part 1: The Program

The Program supports key financial, operational, regulatory and policy measures under the PRSP under the Original Operation and the following additional activities:

- (a) Improving reliability of electricity supply through: (i) the preparation and approval of the Performance Improvement Plan (PIP) for TCN and the enforcement of its implementation; (ii) the update and strengthening of the guidelines and assessment criteria for corporate and individual participation in regulated electricity undertaking; (iii) activation and enforcement of power purchase agreements between generation companies (GENCOs) and NBET, and strengthening and enforcement of bilateral contracting framework; and (iv) enforcement of sector least-cost planning, including the preparation and approval of the Nigeria Least Cost Power Development Plan.
- (b) Strengthening fiscal sustainability of government funding to the power sector and financial sustainability of DISCOs and TCN through the activities set out in paragraphs (a)(iii) and (iv) above.
- (c) Strengthening financial and operational transparency and accountability of DISCOs through: (i) the establishment and operation of an independent system operator; and (ii) enhanced monitoring of DISCOs' operational efficiency improvement and financial transparency.

SCHEDULE 2

Program Execution

Section I. Implementation Arrangements

The Recipient shall carry out, and cause NERC, NBET, and TCN to carry out, the Program in accordance with the provisions of Section I of Schedule 2 to the Original Financing Agreement, which are incorporated herein by reference and, *mutatis mutandis*, form part of this Agreement. To this end:

- A. To facilitate the carrying out of the Program, the Recipient shall make part of the proceeds of the Financing available to NBET in the form of a grant and for this purpose, shall amend the Subsidiary Agreement between the Recipient and NBET referred to in Section I.B of Schedule 2 to the Original Financing Agreement in form and substance satisfactory to the Association.
- B. The Recipient shall ensure that the PSRP Finance Technical Committee referred to in Section I.A.1.2 of Schedule 2 to the Original Financing Agreement includes the representative of TCN.
- C. The Recipient shall cause TCN to: (1) implement the PIP for TCN; and (2) take all actions including the provision of funding, personnel and other resources necessary to enable TCN to perform its functions under the Program, as specified in the Operations Manual.
- D. (1) To facilitate the carrying out of the Program, the Recipient shall make part of the proceeds of the Financing available to TCN under a subsidiary agreement between the Recipient and TCN (“TCN Subsidiary Agreement”), which shall include *inter alia* the following:
 - (a) the Recipient shall (i) on-lend part of the proceeds of the Financing to TCN to assist with the financing of the implementation of the PIP for TCN, and (ii) on-grant part of the proceeds of the Financing to TCN to assist with the financing of the establishment of the Independent System Operator;
 - (b) the obligation of TCN to carry out the Program in accordance with this Agreement, the Anti-Corruption Guidelines, the DFIL and the Operations Manual;
 - (c) the obligation of TCN to exchange views with the Recipient and the Association with regard to the progress of the Program and the performance of its obligations under the TCN Subsidiary Agreement; and

- (d) the requirement that TCN shall promptly inform the Recipient and the Association of any condition that interferes or threatens to interfere with the progress of the Program, or the performance of its obligations under the TCN Subsidiary Agreement.
 - (2) The Recipient shall exercise its rights under the TCN 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 TCN Subsidiary Agreement or any of its provisions.
- E. The Recipient shall: (1) not later than ninety (90) days after the Signature Date, update the Operations Manual for the Original Operation referred to in Section I.C of Schedule 2 to the Original Financing Agreement for purposes of the Operation in form and substance satisfactory to the Association; and (2) cause TCN to adopt the Operations Manual.
- F. The Recipient shall carry out the Program Action Plan referred to in Section I.D.1 of Schedule 2 to the Original Financing Agreement, as revised for purposes of the Operation and agreed by the Recipient and the Association, in accordance with the schedule set out in the revised Program Action Plan, in a manner satisfactory to the Association.

Section II. Excluded Activities

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

- A. in the opinion of the Association, are likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people; or
- B. involve the procurement of: (1) works, estimated to cost \$75,000,000 equivalent or more per contract; (2) goods, estimated to cost \$50,000,000 equivalent or more per contract; (3) non-consulting services, estimated to cost \$50,000,000 equivalent or more per contract; or (4) consulting services, estimated to cost \$20,000,000 equivalent or more per contract.

Section III. Program Monitoring, Reporting and Evaluation

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

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Financing to: (a) finance Program Expenditures (inclusive of Taxes), on the basis of the results (“Disbursement Linked Results” or “DLRs”) achieved, as measured against specific indicators (“Disbursement Linked Indicators” or “DLIs”), in the amount allocated to Categories (1) to (8); and (b) pay: (i) the Front-end Fee; and (ii) each Interest Rate Cap or Interest Rate Collar premium, all as set forth in the table in paragraph 2 of this Part A.
2. The following table specifies each category of withdrawal of the proceeds of the Financing (including the Disbursement Linked Indicators as applicable) (“Category”), the Disbursement Linked Results for each Category (as applicable), and the allocation of the amounts of the Financing to each Category:

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Disbursement Calculation Formula (as applicable) (expressed in USD)	Amount of the Financing Allocated (expressed in SDR)	Amount of the Loan Allocated (expressed in USD)
(1) DLI Prior Results			16,791,939	32,928,500
	DLR #7.0: Stabilization facility to activate existing PPAs is established and operationalized (regular payments to sector actors are made; replenishments from NBET are made regularly); and	N/A	1,526,540	2,993,500
	DLR #7.0.2: Actual energy sent out to DisCos in July-December 2022 increased compared with January-June 2022 Basic target: energy sent out to DisCos has increased by 5.5% Stretch target: energy sent out to DisCos has increased by 7.5%	\$32 M, and \$3.25 M for each additional 0.5 percentage point above the basic target, up to 7.5%	13,738,859	26,941,500
	DLR #9.0: (i) Minister of Power, after consultation with Presidency and National Council on Privatization (NCP), approves the set-up of the ISO for the competitive NESI market. (ii) NERC issues an ISO license for the performance of system and market operation responsibilities.	N/A	1,526,540	2,993,500
(2) Global DLI #G1: NERC sets revenue requirement for TCN and DISCOs based on MYTO Minor Reviews and a MYTO Extraordinary Review.			31,446,721	61,666,100

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Disbursement Calculation Formula (as applicable) (expressed in USD)	Amount of the Financing Allocated (expressed in SDR)	Amount of the Loan Allocated (expressed in USD)
	DLR #G1.5: NERC completes semi-annual MYTO Minor Reviews under the existing MYTO and, if needed, issues new MYTOs for each DISCO and TCN to adjust their respective revenue requirements, effective from the date semi-annual MYTO Minor Reviews become effective in 2023.	N/A	20,265,398	29,935,000
	DLR #G1.6: NERC completes semi-annual MYTO Minor Reviews under the existing MYTO and, if needed, issues new MYTOs for each DISCO and TCN to adjust their respective revenue requirements, effective from the date semi-annual MYTO Minor Reviews become effective in 2024.	N/A	12,212,319	23,948,000
	DLR #G1.7: NERC completes semi-annual MYTO Minor Reviews under the existing MYTO and, if needed, issues new MYTOs for each DISCO and TCN to adjust their respective revenue requirements, effective from the date semi-annual MYTO Minor Reviews become effective in 2025.	N/A	3,053,080	5,987,000
	DLR #G1.8: NERC completes semi-annual MYTO Minor Reviews under the existing MYTO and, if needed, issues new MYTOs for each DISCO and TCN to adjust their respective revenue requirements, effective from the date semi-annual MYTO Minor Reviews become effective in 2026.	N/A	915,924	1,796,100

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Disbursement Calculation Formula (as applicable) (expressed in USD)	Amount of the Financing Allocated (expressed in SDR)	Amount of the Loan Allocated (expressed in USD)
(3) Global DLI #G2: A credible and fiscally sustainable PSRP Financing Plan is approved and executed to fully cover tariff shortfalls.			15,876,014	31,132,400
	DLR #G2.5: (i) FMFBNP issues the 2024 PSRP Financing Plan covering the uses and sources of funds to clear historical and fund new tariff shortfalls for 2023-2027, consistent with the MYTO effective for 2024; and (ii) Actual tariff shortfall incurred for Q1-Q4 2022 and Q1-Q3, 2023 not yet funded and estimated tariff shortfalls for Q4, 2022 and Q1-Q3, 2023, set out in the 2023 Financing Plan are lower than in 2022, are funded from other sources than CBN.	N/A	7,632,699	14,967,500
	DLR #G2.6: (i) FMFBNP issues the 2025 PSRP Financing Plan covering the uses and sources of funds to clear historical and fund new tariff shortfalls for 2023-2027, consistent with the MYTO effective for 2025; and (ii) Actual tariff shortfall incurred for Q1-Q4 2023 and Q1-Q3, 2024 not yet funded and estimated tariff shortfalls for Q4, 2023 and Q1-Q3, 2024, set out in the 2024 Financing Plan are lower than in 2023, are funded from other sources than CBN.	N/A	4,579,620	8,980,500

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Disbursement Calculation Formula (as applicable) (expressed in USD)	Amount of the Financing Allocated (expressed in SDR)	Amount of the Loan Allocated (expressed in USD)
	<p>DLR #G2.7: (i) FMFBNP issues the 2026 PSRP Financing Plan covering the uses and sources of funds to clear historical and fund new tariff shortfalls for 2023-2027, consistent with the MYTO effective for 2026; and</p> <p>(ii) Actual tariff shortfall incurred for Q1-Q4 2024 and Q1-Q3, 2025 not yet funded and estimated tariff shortfalls for Q4, 2024 and Q1-Q3, 2025, set out in the 2025 Financing Plan are lower than in 2024, are funded from other sources than CBN</p>	<p>N/A</p>	<p>3,053,080</p>	<p>5,987,000</p>
	<p>DLR #G2.8: (i) FMFBNP issues the 2026 PSRP Financing Plan covering the uses and sources of funds to clear historical and fund new tariff shortfalls for 2023-2027, consistent with the MYTO effective for 2026; and</p> <p>(ii) Actual tariff shortfall incurred for Q1-Q4 2025 and Q1-Q3, 2026 not yet funded and estimated tariff shortfalls for Q4, 2025 and Q1-Q3, 2026, set out in the 2026 Financing Plan are lower than in 2025, are funded from other sources than CBN</p>	<p>N/A</p>	<p>610,615</p>	<p>1,197,400</p>
<p>(4) DLI #1: Implementation of approved PIPs is enforced.</p>			<p>77,872,553</p>	<p>152,668,500</p>

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Disbursement Calculation Formula (as applicable) (expressed in USD)	Amount of the Financing Allocated (expressed in SDR)	Amount of the Loan Allocated (expressed in USD)
	<p>DLR #1.5: (i) NERC approves TCN’s PIP for 2023-2026; and</p> <p>(ii) NERC completes MYTO Extraordinary Review and issues new MYTO for the period 2023-2026 for TCN redefining allowances on CAPEX, OPEX and losses, consistent with the PIP, effective by January 1, 2024</p> <p>(iii) NERC issues semi-annual monitoring reports on each DISCOs’ achievement of the outputs set out in its approved PIP for 2023 and, if there are deviations, undertakes corrective actions in accordance with the Electric Power Sector Reform Act 2004 and applicable regulations.</p>	<p>N/A</p>	<p>19,864,018</p>	<p>38,915,500</p>
	<p>DLR #1.6: NERC issues semi-annual monitoring reports on each DISCO’s and TCN’s achievement of the outputs set out in its approved PIP for 2024 and, if there are deviations, undertakes corrective actions in accordance with the Electric Power Sector Reform Act 2004 and applicable regulations</p>	<p>N/A</p>	<p>3,053,100</p>	<p>5,987,000</p>
	<p>DLR #1.6.2: Available Installed transmission capacity (i.e., physical capacity of TCN to transfer to DISCOs) is increased</p> <p>Basic target: Installed transmission capacity is increased by 5.5% compared to 2021.</p> <p>Stretch target: Installed transmission capacity is increased by 7.5% compared to 2021</p>	<p>\$60 M, and \$12.5 M for each additional percentage point above the basic target, up to 7.5%</p>	<p>25,951,177</p>	<p>50,889,500</p>

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Disbursement Calculation Formula (as applicable) (expressed in USD)	Amount of the Financing Allocated (expressed in SDR)	Amount of the Loan Allocated (expressed in USD)
	<p>DLR #1.7: NERC issues semi-annual monitoring reports on each DISCO's and TCN's achievement of the outputs set out in its approved PIP for 2025 and, if there are deviations, undertakes corrective actions in accordance with the Electric Power Sector Reform Act 2004 and applicable regulations</p>	N/A	3,053,080	5,987,000
	<p>DLR #1.7.2: Available Installed transmission capacity (i.e., physical capacity of TCN to transfer to DISCOs) is increased.</p> <p>Basic target: Installed transmission capacity is increased by 7% compared to 2021.</p> <p>Stretch target: Installed transmission capacity is increased by 10% compared to 2021</p>	\$38.5 M, and \$5.5 M for each additional percentage point above the basic target, up to 10%	16,791,938	32,928,500
	<p>DLR #1.8: NERC issues semi-annual monitoring reports on each DISCO's and TCN's achievement of the outputs set out in its approved PIP for 2026 and, if there are deviations, undertakes corrective actions in accordance with the Electric Power Sector Reform Act 2004 and applicable regulations</p>	N/A	3,053,080	5,987,000
	<p>DLR #1.8.2: Available Installed transmission capacity (i.e., physical capacity of TCN to transfer to DISCOs)</p> <p>Basic target: Installed transmission capacity is increased by 8.5% compared to 2021.</p> <p>Stretch target: Installed transmission capacity is increased is increased by 12.5% compared to 2021</p>	\$14 M, and \$1.5 M for each additional percentage point above the basic target, up to 12.5%	6,106,160	11,974,000

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Disbursement Calculation Formula (as applicable) (expressed in USD)	Amount of the Financing Allocated (expressed in SDR)	Amount of the Loan Allocated (expressed in USD)
(5) DLI #2: Business continuity arrangements, and change in management regulations are implemented for DISCOs			9,159,239	17,961,000
	DLR #2.5: (i) NERC approves updated Fit and Proper Regulation to reflect appropriate technical qualifications and industry management experience requirements for the key management positions of DISCOs; and (ii) NERC reconfirms the list of qualified experts that would assume transitory management of DISCOs in the event of license intervention in the future years, by June 1, 2023 (with 20% minimum of women)	N/A	4,579,619	8,980,500
	DLR #2.6: NERC reconfirms the list of qualified experts that would assume transitory management of DISCOs in the event of license intervention in the future years, by June 1, 2024 (with 20% minimum of women)	N/A	1,526,540	2,993,500
	DLR #2.7: NERC reconfirms the list of qualified experts that would assume transitory management of DISCOs in the event of license intervention in the future years, by June 1, 2025 (with 20% minimum of women)	N/A	1,526,540	2,993,500
	DLR #2.8: NERC reconfirms the list of qualified experts that would assume transitory management of DISCOs in the event of license intervention in the future years, by June 1, 2026 (with 20% minimum of women)	N/A	1,526,540	2,993,500

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Disbursement Calculation Formula (as applicable) (expressed in USD)	Amount of the Financing Allocated (expressed in SDR)	Amount of the Loan Allocated (expressed in USD)
(6) DLI #7: Existing PPAs with NBET are being activated and enforced; bilateral contracting framework is strengthened and enforced			42,743,116	83,818,000
	DLR #7.1: (i) NERC approves regulatory process for pass-through of additional activated capacity under PPAs to generation costs component of approved revenue requirement (ARR) of each DISCO; and (ii) NERC issues two semi-annual minor MYTO reviews for each DISCO adjusting end-user electricity tariffs effective in 2023 consistent with the 2023 PSRP Financing Plan while maintaining the social tariff (households consuming less than 50kWhs per month)	N/A	3,053,080	5,987,000
	DLR #7.1.2: Actual energy sent out to DISCOs in January-December 2023 increased compared with January-December 2022 Basic target: energy sent out to DisCos has increased by 3.5% Stretch target: energy sent out to DisCos has increased by 5%	\$31.5 M, and \$4.5 M for each additional 0.5 percentage point above the basic target, up to 5%	13,738,859	26,941,500
	DLR #7.2: NERC issues two semi-annual minor MYTO reviews for each DISCO adjusting end-user electricity tariffs effective in 2024 consistent with the 2024 PSRP Financing Plan while maintaining the social tariff (households consuming less than 50kWhs per month) unchanged	N/A	1,526,540	2,993,500

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Disbursement Calculation Formula (as applicable) (expressed in USD)	Amount of the Financing Allocated (expressed in SDR)	Amount of the Loan Allocated (expressed in USD)
	<p>DLR #7.2.2: Actual energy sent out to DISCOs in January-December 2024 increased compared with January-December 2023</p> <p>Basic target: energy sent out to DisCos has increased by 3.5%</p> <p>Stretch target: energy sent out to DisCos has increased by 5%</p>	<p>\$24.5 M, and \$3.5 M for each additional 0.5 percentage point above the basic target, up to 5%</p>	<p>10,685,777</p>	<p>20,954,500</p>
	<p>DLR #7.3: NERC issues two semi-annual minor MYTO reviews for each DISCO adjusting end-user electricity tariffs effective in 2025 consistent with the 2025 PSRP Financing Plan while maintaining the social tariff (households consuming less than 50kWhs per month) unchanged</p>	<p>N/A</p>	<p>1,526,540</p>	<p>2,993,500</p>
	<p>DLR #7.3.2: Actual energy sent out to DISCOs in January-December 2025 increased compared with January-December 2024</p> <p>Basic target: energy sent out to DisCos has increased by 3.5%</p> <p>Stretch target: energy sent out to DisCos has increased by 5%</p>	<p>\$17.5 M, and \$2.5 M for each additional 0.5 percentage point above the basic target, up to 5%</p>	<p>7,632,700</p>	<p>14,967,500</p>
	<p>DLR #7.4: NERC issues two semi-annual minor MYTO reviews for each DISCO adjusting end-user electricity tariffs effective in 2026 consistent with the 2026 PSRP Financing Plan while maintaining the social tariff (households consuming less than 50kWhs per month) unchanged</p>	<p>N/A</p>	<p>1,526,540</p>	<p>2,993,500</p>

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Disbursement Calculation Formula (as applicable) (expressed in USD)	Amount of the Financing Allocated (expressed in SDR)	Amount of the Loan Allocated (expressed in USD)
	<p>DLR #7.4.2: Actual energy sent out to DISCOs in January-December 2026 increased compared with January-December 2025</p> <p>Basic target: energy sent out to DisCos has increased by 3.5%</p> <p>Stretch target: energy sent out to DisCos has increased by 5%</p>	<p>\$7 M, and \$ 1 M for each additional 0.5 percentage point above the basic target, up to 5%</p>	<p>3,053,080</p>	<p>5,987,000</p>
(7) DLI #8: Sector least-cost planning is established and enforced			<p>13,738,860</p>	<p>26,941,500</p>
	<p>DLR #8.1: (i) NERC institutionalizes arrangements and defines processes for systematic update of least-cost power development plan (LCPDP); and</p> <p>(ii) NERC approves methodology for preparation of LCPDP; and</p> <p>(iii) TCN (and/or Independent System Operator, ISO) commences preparation of LCPDP in consultation with all relevant parties.</p>	<p>N/A</p>	<p>3,053,080</p>	<p>5,987,000</p>
	<p>DLR #8.2: (i) NERC, TCN (and/ or ISO) complete public consultation on draft LCPDP; and</p> <p>(ii) TCN (and or/ ISO) incorporates comments in LCPDP received from stakeholders and public consultations, as well as National Electrification Master Plan, prepared by the Ministry of Power (with support from REA) and approved by FGN.</p>	<p>N/A</p>	<p>3,053,080</p>	<p>5,987,000</p>

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Disbursement Calculation Formula (as applicable) (expressed in USD)	Amount of the Financing Allocated (expressed in SDR)	Amount of the Loan Allocated (expressed in USD)
	DLR #8.3: NERC approves least cost power development plan	N/A	4,579,620	8,980,500
	DLR #8.4: NERC approves the annual update of the least cost power development plan	N/A	3,053,080	4,839,500
(8) DLI 9: Independent System Operator is established and operationalized			21,371,558	41,909,000
	DLR #9.1: (i) BPE/NCP establishes ISO as per provisions of applicable legislation. (ii) BPE/NCP establishes ISO organizational structure in compliance with guidelines issued by NERC and other applicable regulations, filling executive positions through a well-defined and competitive system and initial funding process in place	N/A	9,159,238	17,961,000
	DLR #9.2: (i) ISO is fully operational (i.e., ISO organizational structure is established; key positions are filled; assets and liabilities, including employees, are fully transferred from TCN; funding strategy for sustainable medium to long term funding put in place); and (ii) ISO is performing its functions as defined under terms and conditions of its license.	N/A	7,632,700	14,967,500
	DLR #9.3: ISO is performing its functions as defined under terms and conditions of its license.	N/A	3,053,080	5,987,000
	DLR #9.4: ISO is performing its functions as defined under terms and conditions of its license.	N/A	1,526,540	2,993,500

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Disbursement Calculation Formula (as applicable) (expressed in USD)	Amount of the Financing Allocated (expressed in SDR)	Amount of the Loan Allocated (expressed in USD)
(9) 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				1,122,500
(10) Interest Rate Cap or Interest Rate Collar premium to be paid pursuant to Section 4.05 (c) of the General Conditions				0
TOTAL AMOUNT			229,000,000	449,000,000

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
 - (a) on the basis of DLRs achieved prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed SDR 16,791,940 from the proceeds of the Financing and \$ 32,928,500 from the proceeds of the Loan may be made on the basis of the DLRs under Category (1) achieved prior to this date but on or after July 8, 2022 (“Prior Results”);
 - (b) for any DLR until and unless the Recipient has furnished evidence satisfactory to the Association that said DLR has been achieved;
 - (c) for any of the DLRs 1.5, 2.5, 7.1, 7.1.2, 8.1, and 9.1 until and unless the Recipient has furnished evidence satisfactory to the Association that DLR #G1.5 and DLR #G2.5 have been fully achieved;
 - (d) for any of the DLRs 1.6, 1.6.2, 2.6, 7.2, 7.2.2, 8.2, and 9.2 until and unless the Recipient has furnished evidence satisfactory to the Association that DLR #G1.6 and DLR #G2.6 have been fully achieved;
 - (e) for any of the DLRs 1.7, 1.7.2, 2.7, 7.3, 7.3.2, 8.3, and 9.3 until and unless the Recipient has furnished evidence satisfactory to the Association that DLR #G1.7 and DLR #G2.7 have been fully achieved; and
 - (f) for any of the DLRs 1.8, 1.8.2, 2.8, 7.4, 7.4.2, 8.4 and 9.4 until and unless the Recipient has furnished evidence satisfactory to the Association that DLR #G1.8 and DLR #G2.8 have been fully 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, the Association may, by notice to the Recipient: (a) authorize the withdrawal of such lesser amount of the unwithdrawn proceeds of the Financing then allocated to said Category which, in the opinion of the Association, corresponds to the extent of achievement of said DLR, said lesser amount to be calculated in accordance with the disbursement formula for each of the responding DLRs mentioned above as set out in the table in in paragraph 2 of Section IV.A of Schedule 2 to this Agreement; (b) reallocate all or a portion of the proceeds of the Financing then allocated to said DLR to any other DLR ; and/or (c) cancel all or a portion of the proceeds of the Financing then allocated to said DLR.
3. The Closing Date is June 30, 2027.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each April 1 and October 1:	
commencing October 1, 2028, to and including April 1, 2048	1.65%
commencing October 1, 2048, to and including April 1, 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. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, the Association’s “Guidelines on Preventing and Combating Fraud and Corruption in Program-for-Results Financing,” dated February 1, 2012, and revised July 10, 2015.
2. “Budget Office” means the Budget Office of the Federation within the FMFBNP and any successor thereto.
3. “Bureau of Public Enterprise” and the acronym “BPE” mean the Recipient’s Bureau of Public Enterprise, which is the secretariat of the National Council of Privatization, established by the Public Enterprises (Privatization and Commercialization) Act No. 38 of 1999.
4. “Category” means a category set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.
5. “CBN” means the Central Bank of Nigeria and any successor thereto.
6. “CBN Payment Assurance Facility” or “CBN PAF” means 1,301 billion Naira facility extended by CBN to NBET to be used to pay GENCOs for supplied electricity.
7. “CY” means calendar year.
8. “Disbursement Linked Indicator” or “DLI” means in respect of a given Category, the indicator related to said Category as set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.
9. “Disbursement Linked Result” or “DLR” means in respect of a given Category, the result under said Category as set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement, on the basis of the achievement of which, the amount of the Financing allocated to said result may be withdrawn in accordance with the provisions of said Section IV.
10. “DISCOs” means the eleven distribution companies legally established and operating under Companies and Allied Matters Act 1990, the EPSRA 2004 and the licenses issued by NERC for electricity distribution and retail supply; and “DISCO” means any of the DISCOs.
11. “Electric Power Sector Reform Act 2004” or “EPSRA 2004” means the Recipient’s Act No 6, 2005, published in the Gazette No 77, Vol 92 on August 8,

2005, pursuant to which NBET, NERC, the DISCOs, TCN and the GENCOs were established.

12. “FMFBNP” means the Recipient’s Federal Ministry of Finance, Budget and National Planning and any successor thereto responsible for finance.
13. “GENCOs” means collectively, the power generation companies, legally established and operating under the Companies and Allied Matters Act 1990, the EPSRA 2004 and the licenses issued by NERC for electricity generation.
14. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Program-for-Results Financing”, dated December 14, 2018 (revised on August 1, 2020, April 1, 2021, and January 1, 2022).
15. “Implementing Entities” mean NBET, NERC, and TCN and any other entity involved in the implementation of the Program.
16. “Independent System Operator” and the acronym “ISO” mean the independent system operator to be established under Part 1 (c)(i) of the Operation.
17. “MYTO” means a multi-year tariff order of NERC, which define the revenue requirement for DISCOs and TCN, minimum remittance thresholds for DISCOs and/or tariffs for transmission, distribution and retail supply.
18. “MYTO Extraordinary Review” means a review of an effective MYTO to be conducted for the period 2021-25 for DISCOs and TCN, such review to include the energy (generation) cost, incorporation of the approved PIPs, redefining the allowances for operating expenditure, capital expenditure and aggregate technical, commercial and collection losses for 2022-25 and adjusting the end-user tariff design.
19. “MYTO Minor Review” means a review of an effective MYTO in response to change(s) in a limited number of parameters as defined in NERC’s Multi Year Tariff Order Methodology approved in 2007, as amended from time to time with the agreement of the Association.
20. “Nigerian Bulk Electricity Trading PLC” and the acronym “NBET” mean the Nigerian Bulk Electricity Trading PLC, a company legally established and operating under Companies and Allied Matters Act 1990, the EPSRA 2004 and the license issued by NERC for electricity trading.
21. “Nigerian Electricity Regulatory Commission “ and the acronym “NERC” mean the Recipient’s Nigerian Electricity Regulatory Commission established under the EPSR Act 2004, or any successor thereto.

22. “Operations Manual” means the manual referred to in Section I.D of Schedule 2 to this Agreement, as such manual may be amended from time to time with the agreement of the Association.
23. “Original Financing Agreement” means the financing agreement for a Power Sector Recovery Operation between the Recipient and the Association, dated September 30, 2020 (Credit No. 6699-NG).
24. “Original Operation” means the Operation described in the Original Financing Agreement.
25. “Performance Improvement Plan” and the acronym “PIP” mean the plan to be prepared by DISCOs or TCN and approved by NERC, which shall include: (i) information management systems for efficient, transparent and accountable execution of operations in commercial function; corporate planning and management of shared services; and management of incidents in electricity supply to customers; (ii) implementation of customers and network mapping supported by geographic information system; and (iii) massive phased deployment of consumption meters, including a revenue protection program for largest customers.
26. “Power Sector Recovery Program” and the acronym “PSRP” mean the Recipient’s Program approved by its Federal Executive Council on March 21, 2017, which includes policy, regulatory, operational, governance and financial interventions to be implemented by the Federal Government of Nigeria to restore the financial viability of Nigeria’s power sector, improve transparency and service delivery, resolve consumer complaints, reduce losses and energy theft, and reset the Nigerian Electricity Supply Industry for future growth and any updates of such program.
27. “PSRP Finance Technical Committee” means the committee referred to in Section I.A.1.2 of Schedule 2 to the Original Financing Agreement.
28. “PSRP Financing Plan” means the PSRP financing plan prepared and approved by the Recipient under DLR G2.1-2.4 under the Original Financing Agreement and under DLR G2.5-2.8 under this Agreement, meeting the criteria set out in the Verification Protocol and otherwise satisfactory to the Association, and to be updated at least annually, such plan to: (i) cover the estimate of the funding requirements to fully cover the new tariff shortfall for the power sector for CY 2020 to CY 2028, clear historical tariff shortfalls for CY 2015 to CY 2019, and provide contingency funds to be used on a limited and exceptional basis in the event of DISCO license intervention; and (ii) identify sources of funds to fully meet the funding requirement associated with the uses of funds up to CY 2028 or until end-user electricity tariffs fully cover the revenue requirement of the power sector and historical tariff shortfalls are cleared and interest and principal payments

of the CBN PAF are completed; and “2023 PSRP Financing Plan” means the PSRP Financing Plan approved for CY 2023 and indicative for CY 2024-2028 and “2024 PSRP Financing Plan”, “2025 PSRP Financing Plan”, and “2026 PSRP Financing Plan” shall have the equivalent meaning for such CYs and subsequent CYs.

29. “PSRP Secretariat” means the secretariat to be established within the Budget Office and with the composition and functions as set out in Section I.A.1.3 of Schedule 2 to the Original Financing Agreement.
30. “Program Action Plan” means the Recipient’s plan dated May 21, 2020 and referred to in Section I.D.1 of Schedule 2 to the Original Financing Agreement, setting out the actions that the Recipient will need to take to address gaps identified in the current fiduciary and environmental and social system and complaints, as such plan may be amended from time to time with the agreement of the Association.
31. “Signature Date” means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to “the date of the Financing Agreement” in the General Conditions.
32. “Transmission Company of Nigeria” and the acronym “TCN” mean the Transmission Company of Nigeria, a company legally established and operating under the Companies and Allied Matters Act 1990, the EPSRA 2004 and the license issued by NERC for electricity transmission, system operation and market operation.
33. “TCN Subsidiary Agreement” mean the agreement to be entered into between the Recipient and TCN according to Section I.C of Schedule 2 to this Agreement.
34. “Verification Protocol” means the Recipient’s protocol, acceptable to the Association, 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 Association.