

No. 8201

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**INTERNATIONAL DEVELOPMENT ASSOCIATION  
and  
NIGERIA**

**Development Credit Agreement—Northern Road Project  
(with related letter, annexed Development Credit Reg-  
ulations No. 1 and Project Agreement between the  
Association and Northern Nigeria). Signed at Wash-  
ington, on 1 March 1965**

*Official text: English.*

*Registered by the International Development Association on 26 May 1966.*

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**ASSOCIATION INTERNATIONALE  
DE DÉVELOPPEMENT  
et  
NIGÉRIA**

**Contrat de crédit de développement — *Projet relatif à la  
construction de routes dans le Nigéria du Nord* (avec  
lettre y relative et, en annexe, le Règlement n° 1 sur les  
crédits de développement et le Contrat relatif au Projet  
entre l'Association et le Nigéria du Nord). Signé à  
Washington, le 1<sup>er</sup> mars 1965**

*Texte officiel anglais.*

*Enregistré par l'Association internationale de développement le 26 mai 1966.*

No. 8201. DEVELOPMENT CREDIT AGREEMENT<sup>1</sup> (*NORTHERN ROAD PROJECT*) BETWEEN THE FEDERAL REPUBLIC OF NIGERIA AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 1 MARCH 1965

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AGREEMENT, dated March 1, 1965, between FEDERAL REPUBLIC OF NIGERIA (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

*Article I*

CREDIT REGULATIONS

*Section 1.01.* The parties hereto accept all the provisions of Development Credit Regulations No. 1 of the Association dated June 1, 1961,<sup>2</sup> subject, however, to the modifications thereof set forth in Section 1.02 of this Agreement (said Development Credit Regulations No. 1 as so modified being hereinafter called the Regulations), with the same force and effect as if they were fully set forth herein.

*Section 1.02.* For the purposes of this Agreement the provisions of Development Credit Regulations No. 1 of the Association, dated June 1, 1961, shall be deemed to be modified as follows :

(a) By deletion of Section 3.01 and by substituting the following new section therefor :

“SECTION 3.01. *Currencies in which Cost of Good is to be Paid and Proceeds of the Credit are to be Withdrawn.* (a) Except as the Borrower and the Association shall otherwise agree, the cost of goods financed out of the proceeds of the Credit shall be paid in the respective currencies of the countries from which such goods are acquired.

“(b) The proceeds of the Credit shall be withdrawn from the Credit Account :

“(i) on account of expenditures for goods produced in (including services supplied from) the territories of the Borrower, in such currency or currencies as the Association shall from time to time reasonably select ;

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<sup>1</sup> Came into force on 31 August 1965, upon notification by the Association to the Government of Nigeria.

<sup>2</sup> See p. 20 of this volume.

“(ii) in all other cases, in the currency in which the cost of the goods financed out of such proceeds has been paid or is payable.

“(c) The Borrower and the Association may from time to time agree on any other currency in which withdrawals shall be made.”

(b) By inserting a new Section 3.04 after Section 3.03 as follows :

“SECTION 3.04. *Purchase of Currency of Withdrawal With Other Currency.* If withdrawal shall be made in any currency which the Association shall have purchased with another currency for the purpose of such withdrawal, the portion of the Credit so withdrawn shall be deemed to have been withdrawn from the Credit Account in such other currency for the purposes of Section 3.03.”

(c) By renumbering Section 3.04 as Section 3.05.

(d) By inserting the words “or the Project Agreement” after the words “the Development Credit Agreement” in Section 6.02.

*Section 1.03.* Whenever used in the Development Credit Agreement :

(a) The term the “Region” means Northern Nigeria ;

(b) The term “Project Agreement” means the agreement of even date herewith<sup>1</sup> between the Region and the Association, as the same may be amended from time to time by agreement between the Region and the Association.

## Article II

### THE CREDIT

*Section 2.01.* The Association agrees to make available to the Borrower, on the terms and conditions in the Development Credit Agreement set forth or referred to, a credit in an amount in various currencies equivalent to fifteen million five hundred thousand dollars (\$15,500,000).

*Section 2.02.* The Association shall open a Credit Account on its books in the name of the Borrower and shall credit to such Account the amount of the Credit. The amount of the Credit may be withdrawn from the Credit Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Development Credit Agreement.

*Section 2.03.* Except as the Borrower and the Association shall otherwise agree, the Borrower shall be entitled, subject to the provisions of the Development Credit Agreement, to withdraw from the Credit Account :

(a) such amounts as shall have been expended (other than for expenditures in respect of goods required for carrying out subparagraph 1 of the Schedule to this

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<sup>1</sup> See p. 20 of this volume.

Development Credit Agreement) for the reasonable cost of goods imported into the territories of the Borrower to be financed out of the proceeds of the Credit ;

(b) such amounts as shall be the equivalent of 65 per cent (or such other percentage as may from time to time be established by agreement between the Borrower and the Association) of such amounts as shall have been expended for the reasonable cost of goods required for carrying out subparagraph 1 of the Schedule to this Development Credit Agreement, such percentage representing no more than the external component of such cost ; and

(c) if the Association shall so agree, such amounts as shall be required to meet payments under (a) and (b) hereof ; provided, however, that no withdrawals shall be made on account of expenditures prior to December 1, 1964.

*Section 2.04.* The Borrower shall pay to the Association a service charge at the rate of three-fourths of one per cent ( $\frac{3}{4}$  of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

*Section 2.05.* Service charges shall be payable semi-annually on February 15 and August 15 in each year.

*Section 2.06.* The Borrower shall repay the principal amount of the Credit in semi-annual instalments payable on each February 15 and August 15 commencing February 15, 1975 and ending August 15, 2014, each instalment to and including the instalment payable on August 15, 1984, to be one-half of one per cent ( $\frac{1}{2}$  of 1%) of such principal amount, and each instalment thereafter to be one and one-half per cent ( $1\frac{1}{2}$ %) of such principal amount.

### Article III

#### USE OF PROCEEDS OF CREDIT

*Section 3.01.* The Borrower shall exercise every right and recourse available to it to cause the proceeds of the Credit to be applied exclusively to financing the cost of goods required to carry out the Project described in the Schedule to this Agreement. The specific goods to be financed out of the proceeds of the Credit and the methods and procedures for procurement of such goods shall be determined by agreement between the Borrower and the Association, subject to modification by further agreement between them.

*Section 3.02.* Except as the Borrower and the Association shall otherwise agree, the Borrower shall exercise every right and recourse available to it to cause all goods financed out of the proceeds of the Credit to be used in the territories of the Borrower exclusively in the carrying out of the Project.

*Article IV*

## PARTICULAR COVENANTS

*Section 4.01.* (a) The Borrower shall exercise every right and recourse available to it to cause the Project to be carried out with due diligence and efficiency and in conformity with sound engineering and financial practices.

(b) The Borrower shall exercise every right and recourse available to it to cause all the covenants, agreements and obligations of the Region set forth in the Project Agreement to be performed and shall take or cause to be taken all action necessary or appropriate to enable the Region to perform such covenants, agreements and obligations and shall not take any action that would hinder or prevent the performance of such obligations by the Region.

(c) The Borrower shall exercise its rights under the agreement referred to in Section 4.02 (a) of this Agreement so as to protect the interests of the Borrower and the Association and shall not, without the consent of the Association, amend, assign, abrogate or waive any material provision of such agreement.

*Section 4.02.* (a) The Borrower shall relend the proceeds of the Credit or the equivalent thereof to the Region on the basis of an agreement made between the Borrower and the Region satisfactory to the Association.

(b) Without limitation or restriction upon any of the other covenants on its part in the Development Credit Agreement contained, the Borrower shall, whenever there is reasonable cause to believe that the funds available to the Region will be inadequate to meet the estimated expenditures required for carrying out the Project, make arrangements, satisfactory to the Association, promptly to provide the Region or cause the Region to be provided with such funds as are needed to meet such expenditures.

*Section 4.03.* (a) The Borrower and the Association shall cooperate fully to assure that the purposes of the Credit will be accomplished. To that end, each of them shall furnish to the other all such information as either shall reasonably request with regard to the general status of the Credit. On the part of the Borrower, such information shall include information with respect to financial and economic conditions in the territories of the Borrower and the international balance of payments position of the Borrower.

(b) The Borrower and the Association shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Credit and the maintenance of the service thereof. The Borrower shall promptly inform the Association of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Credit or the maintenance of the service thereof.

(c) The Borrower shall afford all reasonable opportunity for accredited representatives of the Association to visit any part of the territories of the Borrower for purposes related to the Credit.

*Section 4.04.* The principal of, and service charges on, the Credit shall be paid without deduction for, and free from, any taxes imposed under the laws of the Borrower or laws in effect in its territories and free from all restrictions imposed under the laws of the Borrower or laws in effect in its territories.

*Section 4.05.* The Development Credit Agreement and the Project Agreement shall be free from any taxes that shall be imposed under the laws of the Borrower or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof.

#### *Article V*

##### REMEDIES OF ASSOCIATION

*Section 5.01.* (i) If any event specified in paragraph (a) or paragraph (c) of Section 5.02 of the Regulations shall occur and shall continue for a period of thirty days, or (ii) if any event specified in paragraph (b) of Section 5.02 of the Regulations or in Section 5.02 of the Development Credit Agreement shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Association to the Borrower, then at any subsequent time the Association, at its option, may declare the principal of the Credit then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Agreement to the contrary notwithstanding.

*Section 5.02.* The following is specified as an additional event for the purposes of Section 5.02 of the Regulations :

A default shall have occurred in the performance of any covenant or agreement on the part of the Region under the Project Agreement.

#### *Article VI*

##### EFFECTIVE DATE ; TERMINATION

*Section 6.01.* The following events are specified as additional conditions to the effectiveness of the Development Credit Agreement within the meaning of Section 8.01 (b) of the Regulations :

(a) That the execution and delivery of the Project Agreement on behalf of the Region have been duly authorized or ratified by all necessary action of the Region ;

(b) That the Borrower and the Region shall have entered into an agreement, satisfactory to the Association, for the purposes of effecting the relending of the proceeds of the Credit, as referred to in Section 4.02 (a) of this Agreement.

*Section 6.02.* The following are specified as additional matters, within the meaning of Section 8.02 (b) of the Regulations, to be included in the opinion or opinions to be furnished to the Association :

(a) That the Project Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Region and constitutes a valid and binding obligation of the Region in accordance with its terms ;

(b) That the agreement referred to in Section 4.02 (a) of this Agreement has been duly authorized by, and executed and delivered on behalf of, the parties thereto and constitutes a valid and binding obligation of the said parties in accordance with its terms.

*Section 6.03.* A date sixty days after the date of the Development Credit Agreement is hereby specified for the purposes of Section 8.04 of the Regulations.

#### *Article VII*

##### MISCELLANEOUS

*Section 7.01.* The Closing Date shall be June 30, 1968, or such other date as may from time to time be agreed between the Borrower and the Association.

*Section 7.02.* The following addresses are specified for the purposes of Section 7.01 of the Regulations :

For the Borrower :

Permanent Secretary  
Ministry of Finance  
Lagos, Nigeria

Alternative address for cables and radiograms :

Permfir  
Lagos

For the Association :

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

Alternative address for cables and radiograms :

Indevas  
Washington, D.C.

*Section 7.03.* The Minister of Finance of the Borrower is designated for the purposes of Section 7.03 of the Regulations.

IN WITNESS WHEREOF, the parties hereto acting through their representatives thereunto duly authorized, have caused this Development Credit Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

Federal Republic of Nigeria :

*By S. O. ADEBO*

Authorized Representative

International Development Association :

*By G. M. WILSON*

Vice President

## SCHEDULE

### DESCRIPTION OF THE PROJECT

The Project is part of the road construction and improvement program of Northern Nigeria and consists of :

1. (a) The construction of about 224 miles of new roads located : (i) between Maiduguri and Kauwa with spur roads to Baga on Lake Chad and Kukawa ; (ii) between Gombe and Biu including a bridge over the River Gongola at Hinna ; and (iii) between Gumel and Maigatari.

(b) The improvement of about 50 miles of feeder roads along the Gombe-Biu road east of the River Gongola.

2. The employment of consultants for the supervision of the works described in paragraph 1 hereof.

3. The procurement of additional testing equipment for the soil laboratories and of installations and equipment for the control of vehicles.

## LETTER RELATING TO THE DEVELOPMENT CREDIT AGREEMENT

FEDERAL MINISTRY OF FINANCE  
(FINANCE DIVISION)  
LAGOS, NIGERIA

NR (4)

March 1, 1965

International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433

Re : *Currency of Repayment*  
*Credit No. 73 UNI (Northern Road Project)*

Dear Sirs :

We refer to the Development Credit Agreement (*Northern Road Project*) of even date<sup>1</sup> herewith between Federal Republic of Nigeria and International Development Association and to Section 3.02 of the Regulations referred to therein. Pursuant to such Section, we hereby request your agreement as follows :

- (i) Except as hereinafter provided, the principal amount of, and service charges on, the Credit provided for in such Agreement shall be payable in pounds sterling.
- (ii) If at any time we shall desire that, commencing with a given future payment date, such principal and service charges shall be payable in an eligible currency other than that specified in (i) or than one theretofore designated pursuant to this clause (ii) or selected pursuant to clause (iv) we shall deliver to the Association, not less than three nor more than five months prior to such payment date, a notice in writing to that effect and designating such other eligible currency, whereupon the currency so designated shall, commencing with such payment date, be the currency in which such principal and service charges shall be payable.
- (iii) If at any time the Association shall determine that a currency payable pursuant to the provisions of this letter is not an eligible currency, the Association shall so notify us in writing and furnish us with a list of eligible currencies.
- (iv) Within thirty days from the date of such notice, we shall notify the Association in writing of our selection of a currency from such list in which payment shall be made, failing which the Association shall select a currency for such purpose from such list, whereupon, in either case, such principal and service charges shall, commencing with the payment date next succeeding such thirty-day period, be payable in the currency so selected.
- (v) For the purposes of this letter, "eligible currency" means any currency of a member of the Association which the Association at the relevant time determines to be freely

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<sup>1</sup> See p. 4 of this volume.

convertible or freely exchangeable by it for currencies of other members of the Association for the purpose of its operations.

Please indicate your agreement with the foregoing by signing the form of confirmation on the enclosed copy of this letter and returning it to us.

Very truly yours,

Federal Republic of Nigeria :

By S. O. ADEBO  
Authorized Representative

*Confirmed :*

International Development Association :

By A. G. EL EMARY

INTERNATIONAL DEVELOPMENT ASSOCIATION

DEVELOPMENT CREDIT REGULATIONS No. 1, DATED 1 JUNE 1961

REGULATIONS APPLICABLE TO DEVELOPMENT CREDIT AGREEMENTS WITH MEMBER  
GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, Vol. 415, p. 68.*]

PROJECT AGREEMENT

(*NORTHERN ROAD PROJECT*)

AGREEMENT, dated March 1, 1965, between NORTHERN NIGERIA (hereinafter called the Region) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS by an agreement of even date herewith between the Federal Republic of Nigeria (hereinafter called the Borrower) and the Association, which Agreement and the Schedule and the Development Credit Regulations therein referred to are hereinafter called the Development Credit Agreement,<sup>1</sup> the Association has agreed to make to the Borrower a credit in various currencies equivalent to fifteen million five hundred thousand dollars (\$15,500,000), on the terms and conditions set forth in the Development Credit Agreement, the proceeds of which or the equivalent thereof to be relented to the Region, but only on condition that the Region agrees to undertake certain obligations to the Association as hereinafter provided ; and

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<sup>1</sup> See p. 4<sub>a</sub> of this volume.

WHEREAS the Region, in consideration of the Association's entering into the Development Credit Agreement with the Borrower, has agreed to undertake obligations as herein-after provided ;

NOW THEREFORE, the parties hereto hereby agree as follows :

*Article I*

DEFINITIONS

*Section 1.01.* Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the Development Credit Agreement and in the Regulations (as so defined) shall have the respective meanings therein set forth.

*Article II*

PARTICULAR COVENANTS OF THE REGION

*Section 2.01.* (a) The Region shall carry out the Project with due diligence and efficiency and in conformity with sound engineering and financial practices.

(b) The Region shall furnish to the Association, promptly upon their preparation, the plans, specifications and work schedules for the Project and any material modifications subsequently made therein, in such detail as the Association shall from time to time request.

(c) In carrying out the Project, the Region shall employ engineering consultants acceptable to, and upon terms and conditions satisfactory to, the Region and the Association.

(d) The general design standards to be used for the roads included in the Project shall be satisfactory to the Region and the Association.

(e) Except as the Association shall otherwise agree, the roads included in the Project shall be constructed by contractors acceptable to the Region and the Association, employed under contracts satisfactory to the Region and the Association.

(f) The Region shall : (i) maintain, or cause to be maintained, records adequate to identify the goods financed out of the proceeds of the Credit, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices, the operations and financial condition of the agency or agencies of the Region responsible for the construction, operation and maintenance of the Project or any part thereof ; (ii) enable the Association's representatives to inspect the Project, the operation thereof, the goods and any relevant records and documents ; and (iii) furnish to the Association all such information as the Association shall reasonably request concerning the expenditure of the proceeds of the Credit, the Project, the goods and the operations, administration and financial condition of the agency or agencies of the Region responsible for the construction, operation and maintenance of the Project or any part thereof.

*Section 2.02.* (a) The Region shall cause all roads within the jurisdiction of the Ministry of Works of the Region (including the roads in the Project) to be operated, maintained and repaired in accordance with sound engineering and highway practices and shall cause the equipment included in the Project to be operated and maintained in accordance with sound engineering and administrative practices.

(b) The Region shall take such steps as may be necessary to assure that the Road Division of the Ministry of Works of the Region has an adequate and competent staff.

*Section 2.03.* (a) The Region and the Association shall cooperate fully to assure that the purposes of the Credit will be accomplished. To that end, each of them shall furnish to the other all such information as either shall reasonably request with regard to the general status of the Credit.

(b) The Region and the Association shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Credit and the other matters covered by this Agreement. The Region shall promptly inform the Association of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Credit or the performance by the Region of its obligations under this Agreement.

*Section 2.04.* (a) The Region shall import or cause to be imported into the territories of the Borrower all goods financed out of the proceeds of the Credit and shall (except as the Association shall otherwise agree) use them there or cause them to be used there exclusively in the carrying out of the Project.

(b) The methods and procedures for procuring all goods financed out of the proceeds of the Credit shall be satisfactory to the Association.

*Section 2.05.* Except as shall be otherwise agreed between the Region and the Association, the Region shall insure or cause to be insured the imported goods financed out of the proceeds of the Credit against risks incident to their purchase and importation into the territories of the Borrower. Such insurance shall be consistent with sound commercial practice and shall be payable in the currency or currencies in which the cost of the goods insured thereunder shall be payable or in a currency freely convertible into such currency.

### *Article III*

#### EFFECTIVE DATE ; TERMINATION

*Section 3.01.* (a) This Agreement shall come into force and effect on the Effective Date.

(b) If, pursuant to Section 8.04 of the Regulations, the Association shall terminate the Development Credit Agreement, the Association shall promptly notify the Region thereof and upon the giving of such notice, this Project Agreement and all obligations of the parties hereunder shall forthwith cease and determine.

*Section 3.02.* This Agreement shall terminate and all the obligations of the Region and of the Association shall terminate if and when :

- (a) the entire principal amount of the Credit shall have been repaid or caused to be repaid by the Borrower (or shall have been cancelled), together with service charges which shall have accrued on the Credit ; or
- (b) the Region shall have repaid to the Borrower the entire amount owed by the Region to the Borrower in accordance with the agreement referred to under Section 4.02 (a) of the Development Credit Agreement.

*Article IV*

MISCELLANEOUS

*Section 4.01.* No delay in exercising, or omission to exercise, any right, power or remedy accruing to either party under this Agreement upon any default shall impair any such right, power or remedy or be construed to be a waiver thereof or an acquiescence in such default ; nor shall the action of such party in respect of any default, or any acquiescence in any default, affect or impair any right, power or remedy of such party in respect of any other or subsequent default.

*Section 4.02.* Any notice or request required or permitted to be given or made under this Agreement and any agreement between the parties contemplated by this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable or radiogram to the party to which it is required or permitted to be given or made at its address hereinafter specified, or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are :

For the Region :  
Ministry of Finance  
P.M.B. 2008  
Kaduna  
Northern Nigeria

Alternative address for cables and radiograms :  
Secfinance  
Kaduna

For the Association :  
International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Alternative address for cables and radiograms :  
Indevas  
Washington, D.C.

*Section 4.03.* Any action required or permitted to be taken, and any documents required or permitted to be executed, under this Agreement on behalf of the Region may

be taken or executed by the Minister of Finance of the Region or such person or persons as he shall designate in writing.

*Section 4.04.* This Agreement may be executed in several counterparts, each of which shall be an original and all collectively but one instrument.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Project Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

Northern Nigeria :

By S. O. ADEBO  
Authorized Representative

International Development Association :

By G. M. WILSON  
Vice President

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