

No. 8298

---

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT  
and  
NIGERIA

Loan Agreement — *Apapa Road Project* (with related letter and annexed Loan Regulations No. 3). Signed at Washington, on 26 September 1965

*Official text : English.*

*Registered by the International Bank for Reconstruction and Development on 16 August 1966.*

---

BANQUE INTERNATIONALE POUR  
LA RECONSTRUCTION ET LE DÉVELOPPEMENT  
et  
NIGÉRIA

Contrat d'emprunt — *Projet relatif aux routes desservant Apapa* (avec lettre y relative et, en annexe, le Règlement n° 3 sur les emprunts). Signé à Washington, le 26 septembre 1965

*Texte officiel anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développement le 16 août 1966.*

No. 8298. LOAN AGREEMENT <sup>1</sup> (*APAPA ROAD PROJECT*)  
BETWEEN THE FEDERAL REPUBLIC OF NIGERIA  
AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON,  
ON 26 SEPTEMBER 1965

---

AGREEMENT, dated September 26, 1965, between FEDERAL REPUBLIC OF NIGERIA (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

*Article I*

LOAN REGULATIONS ; SPECIAL DEFINITIONS

*Section 1.01.* The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 3 of the Bank dated February 15, 1961, <sup>2</sup> subject, however, to the modifications thereof set forth in Section 1.02 of the Loan Agreement (said Loan Regulations No. 3 as so modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

*Section 1.02.* For the purposes of the Loan Agreement the provisions of the Loan Regulations shall be deemed to be modified as follows :

(a) Section 4.01 is deleted.

(b) Section 9.04 is deleted.

*Section 1.03.* Unless the context otherwise requires, the term "consultants", wherever used in the Loan Agreement, includes a firm or firms of consultants as well as individual experts.

*Article II*

THE LOAN

*Section 2.01.* The Bank agrees to lend to the Borrower, on the terms and conditions in the Loan Agreement set forth or referred to, an amount

---

<sup>1</sup> Came into force on 23 February 1966, upon notification by the Bank to the Government of Nigeria.

<sup>2</sup> See p. 60 of this volume.

in various currencies equivalent to seventeen million five hundred thousand dollars (\$17,500,000).

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

*Section 2.03.* (a) Except as the Borrower and the Bank shall otherwise agree, the Borrower shall be entitled to withdraw from the Loan Account (i) the equivalent of a percentage to be established from time to time by agreement between the Borrower and the Bank of such amounts as shall have been expended by the Borrower for the reasonable cost of goods required for carrying out part A of the Project, such percentage to represent the foreign exchange component of such cost ; (ii) such amounts as shall have otherwise been expended (other than for goods produced in, including services supplied from, the territories of the Borrower or for expenditures in the currency of the Borrower) for the reasonable cost of goods required for carrying out the Project and not included in the foregoing ; and (iii) if the Bank shall so agree, such amounts as shall be required to meet payments to be made for the reasonable cost of the foregoing.

(b) Withdrawals from the Loan Account on account of expenditures specified in sub-paragraph (a) (i) of this Section shall be in such freely convertible currency or currencies, other than the currency of the Borrower, as the Bank shall from time to time reasonably elect.

(c) Notwithstanding the foregoing provisions of this Section, no withdrawals shall be made on account of expenditures made (i) prior to July 1, 1965, or (ii) in the territories of any country (except Switzerland) which is not a member of the Bank or for goods produced in (including services supplied from) such territories.

*Section 2.04.* The Borrower shall pay to the Bank a commitment charge at the rate of three-eighths of one percent ( $\frac{3}{8}$  of 1 %) per annum on the principal amount of the Loan not withdrawn from time to time from the Loan Account.

*Section 2.05.* The Borrower shall pay interest at the rate of five and one-half per cent ( $5\frac{1}{2}$  %) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

*Section 2.06.* Except as the Borrower and the Bank shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrower pursuant to Section 4.02 of the Loan Regu-

lations shall be at the rate of one-half of one per cent ( $\frac{1}{2}$  of 1 %) per annum on the principal amount of any such special commitments outstanding from time to time.

*Section 2.07.* Interest and other charges shall be payable semi-annually on January 15 and July 15 in each year.

*Section 2.08.* The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1 to this Agreement.

### *Article III*

#### USE OF PROCEEDS OF LOAN

*Section 3.01.* The Borrower shall apply the proceeds of the Loan exclusively to financing the cost of goods required to carry out the Project described in Schedule 2 to this Agreement. The specific goods to be financed out of the proceeds of the Loan and the methods and procedures for procurement of such goods shall be determined by agreement between the Borrower and the Bank subject to modification by further agreement between them.

*Section 3.02.* Except as the Borrower and the Bank shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Loan to be used exclusively in the carrying out of the Project.

### *Article IV*

#### BONDS

*Section 4.01.* The Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations.

*Section 4.02.* The Minister of Finance and the Accountant General of the Borrower and such person or persons as they shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 6.12 of the Loan Regulations.

### *Article V*

#### PARTICULAR COVENANTS

*Section 5.01.* (a) The Borrower shall carry out the Project with due diligence and efficiency and in conformity with sound engineering and financial practices.

(b) The Borrower shall furnish to the Bank, 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 Bank shall from time to time request.

(c) In the carrying out of the Project the Borrower shall employ consultants acceptable to, and upon such terms and conditions as shall be satisfactory to, the Borrower and to the Bank.

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

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

(f) The Borrower shall (i) maintain, or cause to be maintained, records adequate to identify the goods financed out of the proceeds of the Loan, 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 Borrower responsible for the construction, operation and maintenance of the Project or any part thereof ; (ii) enable the Bank's representatives to inspect the Project, the operation thereof, the goods and any records and documents relevant thereto ; and (iii) furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the Project, the goods and the operations, administration and financial condition of the agency or agencies of the Borrower responsible for the construction, operation and maintenance of the Project or any part thereof.

(g) The Borrower shall at all times make or cause to be made available promptly as needed all sums and other resources required for the carrying out of the Project.

*Section 5.02.* The Borrower shall cause all roads within the jurisdiction of the Ministry of Works of the Borrower (including the roads in the Project) to be operated, maintained and repaired in accordance with sound highway engineering practice.

*Section 5.03.* The Borrower undertakes that it will carry out or cause to be carried out the construction of the Second Mainland Bridge in Lagos, the widening of Western Avenue and the reconstruction of Agege Motor Road not later than December 31, 1970.

*Section 5.04.* Except as shall be otherwise agreed between the Borrower and the Bank, the Borrower shall insure or cause to be insured with responsible

insurers all goods financed with the proceeds of the Loan. Such insurance shall cover such marine, transit and other risks incident to delivery of the goods into the territories of the Borrower and shall be for such amounts as shall be consistent with sound commercial practice. Indemnity under such insurance shall be payable in freely convertible currencies or in the currency in which the cost of the goods insured thereunder shall be payable.

*Section 5.05.* (a) The Borrower and the Bank shall cooperate fully with each other to assure that the purposes of the Loan 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 Loan. 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 Bank shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Borrower shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

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

*Section 5.06.* It is the mutual intention of the Borrower and the Bank that no other external debt shall enjoy priority over the Loan by way of a lien on governmental assets. To that end, the Borrower undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower as security for any debt, such lien will *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds and that in the creation of such lien express provision will be made to that effect; provided, however, that the foregoing provisions of this Section shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; (ii) any lien on commercial goods to secure a debt maturing not more than one year after the date on which it is originally incurred and to be paid out of the proceeds of sale of such commercial goods; and (iii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after the date on which it is originally incurred.

The term "assets of the Borrower" as used in this Section includes assets of the Borrower or of any of its political subdivisions or of any agency of the Borrower or of any such political subdivision, including, without

limitation, the Central Bank of Nigeria or any other institution performing the functions of a central bank.

*Section 5.07.* The principal of, and interest and other charges on, the Loan and the Bonds 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; provided, however, that the provisions of this Section shall not apply to taxation of payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Borrower.

*Section 5.08.* The Loan Agreement and the Bonds 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, and the Borrower shall pay all such taxes, if any, imposed under the laws of the country or countries in whose currency the Loan and the Bonds are payable or laws in effect in the territories of such country or countries.

*Section 5.09.* The principal of, and interest and other charges on, the Loan and the Bonds shall be paid free from all restrictions imposed under the laws of the Borrower or laws in effect in its territories.

## *Article VI*

### REMEDIES OF THE BANK

*Section 6.01.* (i) If any event specified in paragraph (a) or paragraph (b) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of thirty days, or (ii) if any event specified in paragraph (c) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower, then at any subsequent time during the continuance thereof, the Bank, at its option, may declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in the Loan Agreement or in the Bonds to the contrary notwithstanding.

## *Article VII*

### MISCELLANEOUS

*Section 7.01.* The Closing Date shall be October 1, 1970, or such other date as shall be agreed between the Borrower and the Bank.

*Section 7.02.* If the Loan Agreement shall not have come into force and effect by December 27, 1965, the Loan Agreement and all obligations of the parties hereunder shall terminate, unless the Bank, after consideration of the reasons for the delay, establishes a later date for purposes of this Section. The Bank shall promptly notify the Borrower of such later date.

*Section 7.03.* The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Borrower :

Permanent Secretary  
Federal Ministry of Finance  
Lagos, Nigeria

Alternative address for cables and radiograms :

Permfin  
Lagos

For the Bank :

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

Alternative address for cables and radiograms :

Intbafrad  
Washington, D.C.

*Section 7.04.* The Minister of Finance of the Borrower is designated for the purposes of Section 8.03 of the Loan Regulations.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused the Loan 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 F. Sam O. EBOH  
Authorized Representative

International Bank for Reconstruction and Development :

By George D. Woods  
President



## SCHEDULE 1

## AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars) *</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars) *</i>
January 15, 1971 . . . . .	\$245,000	January 15, 1981 . . . . .	\$420,000
July 15, 1971 . . . . .	250,000	July 15, 1981 . . . . .	435,000
January 15, 1972 . . . . .	260,000	January 15, 1982 . . . . .	445,000
July 15, 1972 . . . . .	265,000	July 15, 1982 . . . . .	460,000
January 15, 1973 . . . . .	275,000	January 15, 1983 . . . . .	470,000
July 15, 1973 . . . . .	280,000	July 15, 1983 . . . . .	485,000
January 15, 1974 . . . . .	290,000	January 15, 1984 . . . . .	495,000
July 15, 1974 . . . . .	295,000	July 15, 1984 . . . . .	510,000
January 15, 1975 . . . . .	305,000	January 15, 1985 . . . . .	525,000
July 15, 1975 . . . . .	315,000	July 15, 1985 . . . . .	540,000
January 15, 1976 . . . . .	320,000	January 15, 1986 . . . . .	555,000
July 15, 1976 . . . . .	330,000	July 15, 1986 . . . . .	570,000
January 15, 1977 . . . . .	340,000	January 15, 1987 . . . . .	585,000
July 15, 1977 . . . . .	350,000	July 15, 1987 . . . . .	600,000
January 15, 1978 . . . . .	360,000	January 15, 1988 . . . . .	620,000
July 15, 1978 . . . . .	370,000	July 15, 1988 . . . . .	635,000
January 15, 1979 . . . . .	380,000	January 15, 1989 . . . . .	650,000
July 15, 1979 . . . . .	390,000	July 15, 1989 . . . . .	670,000
January 15, 1980 . . . . .	400,000	January 15, 1990 . . . . .	690,000
July 15, 1980 . . . . .	410,000	July 15, 1990 . . . . .	710,000

\* To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.03), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

## PREMIUMS ON PREPAYMENT AND REDEMPTION

The following percentages are specified as the premiums payable on repayment in advance of maturity of any part of the principal amount of the Loan pursuant to Section 2.05 (b) of the Loan Regulations or on the redemption of any Bond prior to its maturity pursuant to Section 6.16 of the Loan Regulations :

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than three years before maturity . . . . .	½ %
More than three years but not more than six years before maturity . . . . .	1 %
More than six years but not more than eleven years before maturity . . . . .	1 ½ %
More than eleven years but not more than sixteen years before maturity . . . . .	2 ½ %
More than sixteen years but not more than twenty-one years before maturity . . . . .	3 ½ %
More than twenty-one years but not more than twenty-three years before maturity . . . . .	4 ½ %
More than twenty-three years before maturity . . . . .	5 ½ %

## SCHEDULE 2

## DESCRIPTION OF PROJECT

The Project is part of a program for construction and improvement of roads leading to the port of Apapa, and consists of :

A. The reconstruction to 4-lane standards of the Ijora Causeway (about 1.2 miles) and the Apapa Road (about 2.5 miles) together with complementary service roads, cycle tracks, intersections, ramps and elevated structures.

B. Consultants' services :

(a) to assist in the supervision of works under part A ;

(b) to carry out a study of the trunk road network in Nigeria for the purpose of (i) establishing the technical and economic criteria to be applied in determining which roads should be under federal jurisdiction ; (ii) indicating the roads likely to be affected by application of those criteria ; and (iii) indicating the broad financial implications of applying those criteria ;

(c) to review the work done to determine the feasibility of improving about 600 miles of the following roads, currently classified as federal roads, and to carry out any supplementary investigations that may be necessary in order to determine whether they are economically justified :

Aliade – Lafia – Bukuru

Kontagora – Yelwa – Jaredi

Ibadan – Ife

(d) (i) to review the work done to determine the feasibility of improving the existing roads, currently classified as federal roads, from Lagos to Ibadan, and to carry out any supplementary investigations that may be necessary in order to determine whether they are economically justified ; and (ii) to carry out a study to determine the feasibility and economic justification for constructing an alternative road from the port of Apapa to Ibadan, the approximate alignment of such road, its cost, and the timing of its construction, taking into account the results of the review and of any investigations carried out under (i) of this paragraph ;

(e) to carry out the final engineering of any road or section thereof covered by paragraph (c) hereof, and of a section of about 20 miles of any road or proposed road covered by paragraph (d) hereof, which the Bank agrees is economically justified.

## LETTER RELATING TO THE LOAN AGREEMENT

CENTRAL BANK OF NIGERIA  
LAGOS

26th September 1965

The International Bank for Reconstruction  
and Development  
1818 H Street N.W.  
Washington, D.C. 20433

Dear Sirs,

It has been brought to the notice of the Central Bank of Nigeria that the Federal Republic of Nigeria has, by Sections 5.04 and 5.06 respectively of two Loan Agreements in respect of the Western Road Project<sup>1</sup> and the Apapa Road Project<sup>2</sup> dated 26th September, 1965 between the Federal Republic of Nigeria and the International Bank for Reconstruction and Development, entered into the following undertaking :

“ It is the mutual intention of the Borrower and the Bank that no other external debt shall enjoy priority over the Loan by way of a lien on governmental assets. To that end, the Borrower undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower as security for any debt, such lien will *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds and that in the creation of such lien express provision will be made to that effect ; provided, however, that the foregoing provisions of this Section shall not apply to :

“ (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property ;

“ (ii) any lien on commercial goods to secure a debt maturing not more than one year after the date on which it is originally incurred and to be paid out of the proceeds of sale of such commercial goods ; and

“ (iii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after the date on which it is originally incurred.

“ The term “ assets of the Borrower ” as used in this Section includes assets of the Borrower or of any of its political subdivisions or of any agency of the Borrower or of any such political subdivision, including, without limitation, the Central Bank of Nigeria or any other institution performing the functions of a central bank. ”

<sup>1</sup> United Nations, *Treaty Series*, Vol. 570, No. 8296.

<sup>2</sup> See p. 40 of this volume.

The Bonds referred to in the said Sections of the Loan Agreements are any Bonds that may be executed and delivered by the Federal Republic of Nigeria to the International Bank for Reconstruction and Development pursuant to the provisions of the Loan Agreements.

In the said Loan Agreements the parties accept all the provisions of Loan Regulations No. 3 of the Bank dated February 15, 1961, as modified by Section 1.02 of each of the Loan Agreements. In the said Loan Regulations the term "lien" is defined to include mortgages, pledges, charges, privileges and priorities of any kind; the term "assets" is defined to include revenues and property of any kind while the term "external debt" means any debt payable in any medium other than the currency of the Federal Republic of Nigeria, whether such debt is or may become payable absolutely or at the option of the Creditor in such other medium.

I confirm that the Central Bank of Nigeria agrees to and will abide by the undertaking of the Federal Republic of Nigeria set forth above as if the Central Bank had subscribed thereto.

Yours faithfully,

A. N. ABAI  
Deputy Governor

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 3, DATED 15 FEBRUARY 1961

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO  
MEMBER GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, Vol. 414, p. 268.*]