

No. 8296

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
and
NIGERIA**

Loan Agreement—*Western Road Project* (with related letter, annexed Loan Regulations No. 3 and Project Agreement between the Bank and Western Nigeria). 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 au réseau routier du Nigéria occidental* (avec lettre y relative et, en annexe, le Règlement n° 3 sur les emprunts et le Contrat relatif au Projet entre la Banque et le Nigéria occidental). 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. 8296. LOAN AGREEMENT¹ (*WESTERN 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 the Loan Agreement accept all the provisions of Loan Regulations No. 3 of the Bank dated February 15, 1961,² 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 6.17 is amended by inserting the words “ or the Project Agreement ” after the words “ the Loan Agreement ”.
- (c) Section 7.02 is amended by inserting the words “ or the Project Agreement ” after the words “ the Loan Agreement ”.
- (d) Section 9.04 is deleted.

Section 1.03. Unless the context otherwise requires, the following terms wherever used in the Loan Agreement or in the Loan Regulations shall have the following meanings :

- (a) The term “ Region ” means Western Nigeria;

¹ Came into force on 29 March 1966, upon notification by the Bank to the Government of Nigeria.

² See p. 254 of this volume.

(b) The term "Project Agreement" means the agreement of even date¹ herewith between the Region and the Bank, as the same may be amended from time to time by agreement between them.

(c) The term "consultants" 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 in various currencies equivalent to fourteen million five hundred thousand dollars (\$14,500,000).

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.

¹ See p. 254 of this volume.

Section 2.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-eighths of one per cent ($\frac{3}{8}$ 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 Bank and the Borrower 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 Regulations 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 exercise every right and recourse available to it to cause the proceeds of the Loan to be applied 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 exercise every right and recourse available to it to 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 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; the Borrower shall take or cause to be taken such action as may be 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 5.02 (a) of this Agreement so as to protect the interests of the Borrower and the Bank and shall not, without the consent of the Bank, amend, assign, abrogate or waive any material provision of such agreement.

Section 5.02. (a) The Borrower shall relend the proceeds of the Loan or the equivalent thereof to the Region on the basis of an agreement made between the Borrower and the Region satisfactory to the Bank.

(b) Without limitation or restriction upon any of the other covenants on its part in the Loan 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 to enable the Region to carry out its obligations under the Project Agreement, make arrangements, satisfactory to the Bank, promptly to provide the Region, or cause the Region to be provided with such funds as are needed to meet such expenditures.

Section 5.03. (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 5.04. 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 5.05. 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 5.06. The Loan Agreement, the Bonds 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, 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 5.07. 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 or Section 6.02 of this Agreement 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.

Section 6.02. The following is specified as an additional event for the purposes of Section 5.02 of the Loan 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 VII

EFFECTIVE DATE; TERMINATION

Section 7.01. The following events are specified as additional conditions to the effectiveness of the Loan Agreement within the meaning of Section 9.01 of the Loan 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 Bank, for the purposes of effecting the relending of the proceeds of the Loan, as referred to in Section 5.02 (a) of this Agreement.

Section 7.02. The following are specified as additional matters, within the meaning of Section 9.02 (c) of the Loan Regulations, to be included in the opinion or opinions to be furnished to the Bank :

(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 5.02 (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 7.03. If the Loan Agreement shall not have come into force and effect by January 24, 1966, 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.

Article VIII

MISCELLANEOUS

Section 8.01. The Closing Date shall be October 1, 1970 or such other date as shall be agreed upon between the Borrower and the Bank.

Section 8.02. 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 8.03. 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	\$205,000	January 15, 1981	\$350,000
July 15, 1971	210,000	July 15, 1981	360,000
January 15, 1972	215,000	January 15, 1982	370,000
July 15, 1972	220,000	July 15, 1982	380,000
January 15, 1973	225,000	January 15, 1983	390,000
July 15, 1973	235,000	July 15, 1983	400,000
January 15, 1974	240,000	January 15, 1984	410,000
July 15, 1974	245,000	July 15, 1984	425,000
January 15, 1975	255,000	January 15, 1985	435,000
July 15, 1975	260,000	July 15, 1985	445,000
January 15, 1976	265,000	January 15, 1986	460,000
July 15, 1976	275,000	July 15, 1986	475,000
January 15, 1977	280,000	January 15, 1987	485,000
July 15, 1977	290,000	July 15, 1987	500,000
January 15, 1978	295,000	January 15, 1988	510,000
July 15, 1978	305,000	July 15, 1988	525,000
January 15, 1979	315,000	January 15, 1989	540,000
July 15, 1979	325,000	July 15, 1989	555,000
January 15, 1980	330,000	January 15, 1990	570,000
July 15, 1980	340,000	July 15, 1990	585,000

* 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	1½%
More than eleven years but not more than sixteen years before maturity	2½%
More than sixteen years but not more than twenty-one years before maturity	3½%
More than twenty-one years but not more than twenty-three years before maturity	4½%
More than twenty-three years before maturity	5½%

SCHEDULE 2

DESCRIPTION OF THE PROJECT

The Project is part of a road reconstruction and improvement program of Western Nigeria and consists of :

A. Reconstruction and improvement of roads located as follows :

- (1) Ijebu-Ode – Idi-Ayunre
- (2) Ife – Ondo
- (3) Ondo – Ore,

as well as the access roads to the foregoing, totaling in all about 95 miles.

B. Reorganization and improvement of the Roads and Bridges Division within the Ministry of Works and Transport of Western Nigeria, with special emphasis on maintenance operation.

C. Consultants' services :

- (a) for supervision of the works under part A of the Project;
- (b) for assisting in carrying out part B of the Project;
- (c) for final engineering and design of about 300 miles of regional roads specified as being of the highest priority by the Highway Development Study in Western Nigeria carried out pursuant to the Plan of Operation to be agreed between the Borrower, Western Nigeria, the Bank, and the United Nations Special Fund.

D. Procurement of road maintenance, repair shop and laboratory equipment, including spare parts.

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 Project¹ and the Apapa Road Project² 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. ”

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.

¹ See p. 234 of this volume.

² United Nations, *Treaty Series*, Vol. 571, No. 8298.

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.*]

PROJECT AGREEMENT

(*WESTERN ROAD PROJECT*)

AGREEMENT, dated September 26, 1965, between WESTERN NIGERIA (hereinafter called the Region) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by an agreement of even date herewith between the Federal Republic of Nigeria (hereinafter called the Borrower) and the Bank, which agreement, the Schedules thereto and the Loan Regulations therein referred to are together hereinafter called the Loan Agreement,¹ the Bank has agreed to make to the Borrower a loan in various currencies equivalent to fourteen million five hundred thousand dollars (\$14,500,000), on the terms and conditions set forth in the Loan Agreement, the proceeds of which or the equivalent thereof are to be lent to the Region, but only on condition that the Region agrees to undertake certain obligations to the Bank as hereinafter provided; and

¹ See p. 234 of this volume.

WHEREAS the Region, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed to undertake obligations as hereinafter provided;

NOW THEREFORE, the parties hereto hereby agree as follows :

Article I

DEFINITIONS

Section 1.01. Wherever used in the Project Agreement, unless the context otherwise requires, the several terms defined in the Loan Agreement and in the Loan 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 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 Region shall employ consultants acceptable to, and upon such terms and conditions as shall be satisfactory to, the Region and to the Bank.

(d) The general design standards to be used for the roads included in the Project shall be satisfactory to the Region 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 Region and to the Bank, employed under contracts satisfactory to the Region and to the Bank.

(f) The Region 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 Region 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 Region responsible for the construction, operation and maintenance of the Project or any part thereof.

Section 2.02. (a) The Region shall (i) cause all roads within the jurisdiction of the Ministry of Works and Transport of the Region (including the roads in the Project) to be operated, maintained and repaired in accordance with sound highway engineering practice; (ii) proceed, in a manner satisfactory to the Region and to the Bank, with the implementation of the revised Maintenance Operation Plan already adopted by the Ministry of Works and Transport of the Region; and (iii) cause the equipment used in the carrying out of 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 Roads and Bridges Division of the Ministry of Works and Transport of the Region has an adequate and competent staff.

Section 2.03. (a) The Region 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.

(b) The Region 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 other matters covered by the Project Agreement. The Region 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 performance by the Region of its obligations under the Project Agreement.

Section 2.04. (a) The Region shall import or cause to be imported into its territory all goods financed out of the proceeds of the Loan and shall (except as the Bank shall otherwise agree) use them or cause them to be used exclusively in the carrying out of the Project.

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

Section 2.05. Except as shall be otherwise agreed between the Region and the Bank, the Region 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.

Article III

EFFECTIVE DATE; TERMINATION

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

(b) If the Loan Agreement shall terminate pursuant to Section 7.03 thereof, the Bank shall promptly notify the Region 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. The Project Agreement shall terminate and all the obligations of the Region and of the Bank thereunder shall terminate if and when :

- (a) the entire principal amount of the Loan shall have been repaid or caused to be repaid by the Borrower (or shall have been cancelled), together with interest and other charges which shall have accrued on the Loan; 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 5.02 (a) of the Loan 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 the Project 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 the Project Agreement and any agreement between the parties contemplated by the Project 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 :

Permanent Secretary
Finance Department
The Treasury
Ibadan, Nigeria

Alternative address for cables and radiograms :

Permfin
Ibadan

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 4.03. Any action required or permitted to be taken, and any documents required or permitted to be executed, under the Project 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. The Project 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 the 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.

Western Nigeria :

By F. Sam O. EBOH
Authorized Representative

International Bank for Reconstruction and Development :

By George D. Woods
President
