

No. 10832

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

**Loan Agreement—*Transport Rehabilitation Project* (with  
annexed General Conditions Applicable to Loan and  
Guarantee Agreements). Signed at Washington on  
26 June 1970**

*Authentic text: English.*

*Registered by the International Bank for Reconstruction and Development on  
23 November 1970.*

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**BANQUE INTERNATIONALE POUR  
LA RECONSTRUCTION ET LE DÉVELOPPEMENT  
et  
NIGÉRIA**

**Contrat d'emprunt — *Projet relatif à l'amélioration des  
transports* (avec, en annexe, les Conditions générales  
applicables aux contrats d'emprunt et de garantie).  
Signé à Washington le 26 juin 1970**

*Texte authentique: anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développement  
le 23 novembre 1970.*

## LOAN AGREEMENT<sup>1</sup>

AGREEMENT, dated June 26, 1970, between FEDERAL REPUBLIC OF NIGERIA (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS the Borrower is carrying out a rehabilitation program, aimed initially at restoring communications and essential services in Nigeria;

WHEREAS the Borrower has requested the Bank to assist the financing of the part of such program relating to the transportation sector; and

WHEREAS the Bank has agreed to make a loan to finance part of such program for the rehabilitation of ports, roads and railway facilities in the amount hereinafter specified and on the terms and conditions hereinafter set forth;

NOW THEREFORE the parties hereto hereby agree as follows:

### *Article I*

#### GENERAL CONDITIONS; DEFINITIONS

*Section 1.01.* The parties to this Loan Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank, dated January 31, 1969,<sup>2</sup> with the same force and effect as if they were fully set forth herein (said General Conditions Applicable to Loan and Guarantee Agreements of the Bank being hereinafter called the General Conditions).

*Section 1.02.* Wherever used in this Loan Agreement, unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "Nigerian Ports Authority" means the Nigerian Ports Authority

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<sup>1</sup> Came into force on 18 September 1970, upon notification by the Bank to the Government of Nigeria.

<sup>2</sup> See p. 148 of this volume.

established under Section 7 of the Ports Act, Chapter 155 of the Laws of the Federation of Nigeria, as amended.

(b) "Nigerian Railway Corporation" means the Nigerian Railway Corporation established under Section 4 of the Nigerian Railway Corporation Act, Chapter 139 of the Laws of the Federation of Nigeria (1958), as amended.

## *Article II*

### THE LOAN

*Section 2.01.* The Bank agrees to lend to the Borrower, on the terms and conditions in this Loan Agreement set forth or referred to, an amount in various currencies equivalent to twenty-five million dollars (\$25,000,000).

*Section 2.02.* (a) 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.

(b) 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, this Loan Agreement and in accordance with the list of goods and services set forth in Schedule 1 to this Agreement; provided, however, that except as the Bank shall otherwise agree, no withdrawals shall be made in respect of specific goods and civil works to be financed under the Project described in Schedule 3 to this Agreement unless the Consultants referred to in Section 5.01 (b) and (c) of this Agreement have recommended the procurement of such goods and the carrying out of such civil works and the Bank has approved such recommendations.

*Section 2.03.* The Borrower shall be entitled to withdraw from the Loan Account in respect of the reasonable costs of goods or services required for the Project and to be financed under this Loan Agreement:

- (i) such amounts as shall have been paid (or, if the Bank shall so agree, shall be required to meet payments to be made) for the goods or services included in Category I of the list of goods and services referred to in Section 2.02 of the Agreement; and
- (ii) the equivalent of sixty per cent (60%), or such other percentage as may be agreed between the Borrower and the Bank, of such amounts as

shall have been paid (or, if the Bank shall so agree, shall be required to meet payments to be made) for goods or services included in Category II of such list of goods and services, which percentage represents the estimated foreign exchange component of the cost of such goods or services.

*Section 2.04.* It is hereby agreed, pursuant to Section 5.01 of the General Conditions that withdrawals from the Loan Account in connection with Category II of the list of goods and services referred to in Section 2.02 of this Agreement may be made on account of payments in the currency of the Borrower, or for goods produced in, or services supplied from, the territories of the Borrower.

*Section 2.05.* The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ( $\frac{3}{4}$  of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

*Section 2.06.* The Borrower shall pay interest at the rate of seven per cent (7%) per annum on the principal amount of the Loan withdrawn and outstanding from time to time.

*Section 2.07.* Interest and other charges shall be payable semi-annually on May 15 and November 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 2 to this Agreement.

### *Article III*

#### USE OF PROCEEDS OF LOAN

*Section 3.01.* The Borrower shall cause the proceeds of the Loan to be applied in accordance with the provisions of this Loan Agreement to expenditures on the Project.

*Section 3.02.* Except as the Bank shall otherwise agree, (i) the goods and services to be financed out of the proceeds of the Loan shall be procured on the basis of international competitive bidding in accordance with the *Guidelines for Procurement under World Bank Loans and IDA Credits*, published by the Bank in August 1969, and in accordance with such other procedures supplementary thereto as are set forth in Schedule 4 to this Agreement or as shall be agreed between the Borrower and the Bank, and (ii) contracts for the procurement of such goods and services shall be subject to the prior approval of the Bank.

*Section 3.03.* Except as the Bank may otherwise agree, the Borrower shall cause all goods and services financed out of the proceeds of the Loan to be used exclusively in carrying out the Project.

#### *Article IV*

##### BONDS

*Section 4.01.* If and as the Bank shall from time to time request, the Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in Article VIII of the General Conditions.

*Section 4.02.* The Federal Commissioner for Finance of the Borrower and such other person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 8.10 of the General Conditions.

#### *Article V*

##### PARTICULAR COVENANTS

*Section 5.01. (a)* The Borrower shall cause the Project to be carried out with due diligence and efficiency and in conformity with sound administrative, financial, engineering and business practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the purpose.

*(b)* In the carrying out of the Project, the Borrower shall employ consultants acceptable to, and upon terms and conditions satisfactory to, the Borrower and the Bank for advising and assisting the Borrower in reviewing the tender documents and contract forms and for detailed engineering to the extent considered necessary by the Bank with respect to the civil works included in Part C of the Project, the evaluation of bids and recommendations for the award of contracts and in the supervision of such civil works.

*(c)* The Borrower shall arrange for services of consultants satisfactory to the Bank for assisting the Borrower, until the completion of the Project, in the carrying out of Parts A and B of the Project.

*(d)* The Borrower shall cause to be furnished to the Bank, promptly upon their preparation, the plans, specifications and construction 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.

*Section 5.02.* The Borrower shall maintain and repair or cause to be maintained and repaired the road, railway and port works and equipments included in the Project in accordance with sound, administrative, financial, engineering and business practices, and shall provide or cause to be provided, as needed, the funds, equipment, workshop facilities, labor and other resources required for this purpose.

*Section 5.03.* The Borrower (i) shall maintain, or cause to be maintained records adequate to identify the goods and services 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 the expenditure of the proceeds of the Loan and to reflect in accordance with consistently maintained sound accounting practices the operations, in respect of the Project, of the departments or agencies of the Borrower responsible for the carrying out of any part of the Project; (ii) shall enable accredited representatives of the Bank to inspect the Project and the roads included therein, and the goods to be financed under the proceeds of the Loan, and any relevant records and documents; and (iii) shall furnish or cause to be furnished to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, such goods and services, the Project and the administration and operations, in respect of the Project, of the departments or agencies of the Borrower responsible for the carrying out of any part of the Project.

*Section 5.04.* (a) The Borrower and the Bank shall co-operate fully to ensure that the purposes of the Loan will be accomplished. To that end, the Borrower and the Bank shall from time to time, at the request of either party, exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof, and each of them shall furnish to the other all such information as it 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 balance of payments position of the Borrower.

(b) 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, the carrying out of the Project or the maintenance of the service of the Loan.

(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 5.05.* (a) It is the mutual intention of the Borrower and the Bank that no other external debt shall enjoy any 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 external 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 any 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; or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

(b) 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 the Central Bank of Nigeria and any other institution performing the functions of a central bank.

*Section 5.06.* 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, and free from all restrictions, 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 5.07.* 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 5.08.* The Borrower undertakes to insure, or make arrangement satisfactory to the Bank to insure, the imported goods to be financed out of the proceeds of the Loan against marine, transit and other hazards incident to acquisition, transportation and delivery thereof to the place of use or installation and for such insurance any indemnity shall be payable in a currency freely usable by the Borrower to replace or repair such goods.

### *Article VI*

#### REMEDIES OF THE BANK

*Section 6.01.* If any event specified in Section 7.01 of the General Conditions shall occur and shall continue for the period, if any, therein set forth, then at any subsequent time during the continuance thereof, the Bank, at its option, may by notice to the Borrower declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately together with the interest and other charges thereon and upon any such declaration such principal, interest and charges shall become due and payable immediately, anything to the contrary in this Loan Agreement or in the Bonds notwithstanding.

### *Article VII*

#### MISCELLANEOUS

*Section 7.01.* The Closing Date shall be December 31, 1972 or such other date as shall be agreed between the Borrower and the Bank.

*Section 7.02.* The date of October 1, 1970, is hereby specified for the purposes of Section 11.04 of the General Conditions.

*Section 7.03.* The Federal Commissioner for Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 10.03 of the General Conditions.

*Section 7.04.* The following addresses are specified for the purposes of Section 10.01 of the General Conditions:

For the Borrower:

The Permanent Secretary  
Federal Ministry of Finance  
Mosaic House, Tinubu Square  
P.M.B. 12519  
Lagos, Nigeria



Address for cables:

Permfin

Lagos

For the Bank:

International Bank for Reconstruction and Development

1818 H Street, N.W.

Washington, D.C. 20433

United States of America

Address for cables:

Intbafrad

Washington, D.C.

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

Federal Republic of Nigeria:

*By* J.T.F. IYALLA

Authorized Representative

International Bank for Reconstruction and Development:

*By* J. BURKE KNAPP

Vice President

## SCHEDULE 1

### LIST OF GOODS AND SERVICES

| <i>Category</i>   | <i>Amounts Expressed<br/>in Dollar Equivalent</i> |
|---|---|
| I. Materials for repairs of Port facilities, port handling equipment and spare parts<br>Railway equipment and materials<br>Prefabricated bridges and materials<br>Consultant Services |   |
| II. Road rehabilitation costs   |   |
|   | TOTAL 25,000,000                                  |

## SCHEDULE 2

### AMORTIZATION SCHEDULE

| <i>Date Payment Due</i>     | <i>Payment<br/>of Principal<br/>(expressed<br/>in dollars)*</i> | <i>Date Payment Due</i>     | <i>Payment<br/>of Principal<br/>(expressed<br/>in dollars)*</i> |
|-----------------------------|---|-----------------------------|---|
| November 15, 1974 . . . . . | 885,000   | November 15, 1979 . . . . . | 1,245,000   |
| May 15, 1975 . . . . .      | 915,000   | May 15, 1980 . . . . .      | 1,290,000   |
| November 15, 1975 . . . . . | 945,000   | November 15, 1980 . . . . . | 1,335,000   |
| May 15, 1976 . . . . .      | 980,000   | May 15, 1981 . . . . .      | 1,385,000   |
| November 15, 1976 . . . . . | 1,015,000   | November 15, 1981 . . . . . | 1,430,000   |
| May 15, 1977 . . . . .      | 1,050,000   | May 15, 1982 . . . . .      | 1,480,000   |
| November 15, 1977 . . . . . | 1,085,000   | November 15, 1982 . . . . . | 1,535,000   |
| May 15, 1978 . . . . .      | 1,125,000   | May 15, 1983 . . . . .      | 1,585,000   |
| November 15, 1978 . . . . . | 1,165,000   | November 15, 1983 . . . . . | 1,640,000   |
| May 15, 1979 . . . . .      | 1,205,000   | May 15, 1984 . . . . .      | 1,705,000   |

\* To the extent that any portion of the Loan is repayable in a currency other than dollars (see General Conditions, Section 4.02), 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 portion of the principal amount of the Loan pursuant to Section 3.05 (b) of the General Conditions or on the redemption of any Bond prior to its maturity pursuant to Section 8.15 of the General Conditions:

| <i>Time of Prepayment or Redemption</i>                                      | <i>Premium</i>    |
|--|-------------------|
| Not more than three years before maturity . . . . .                          | 1 $\frac{1}{4}$ % |
| More than three years but not more than six years before maturity . . . . .  | 2 $\frac{1}{2}$ % |
| More than six years but not more than ten years before maturity . . . . .    | 4%                |
| More than ten years but not more than twelve years before maturity . . . . . | 5 $\frac{3}{4}$ % |
| More than twelve years before maturity . . . . .                             | 7%                |

## SCHEDULE 3

### DESCRIPTION OF PROJECT

The Project consists of the following:

#### A. Ports

Repair of sheds and warehouses in Port Harcourt and acquisition of port handling equipment for all ports and spare parts of such equipment.

**B. Railways**

Acquisition of rolling stock, motive power, rails, sleepers, track equipment and materials.

**C. Roads**

Rehabilitation to various standards of up to 500 miles of trunk roads including bridges, acquisition of prefabricated bridges and provision for consultant services.

The Project is expected to be completed by June 30, 1972.

**SCHEDULE 4****PROCUREMENT**

I. Subject to the provisions of paragraph IV of this Schedule, the following procedure shall be applied with respect to: (i) contracts for civil works; and (ii) contracts for the purchase of materials and equipment of \$100,000 equivalent or more, except all contracts for which tender documents were issued prior to June 1, 1970:

- (a) Prior to inviting bids, the Borrower will submit to the Bank, for its approval copies of invitations to bid and other bidding documents (excluding detailed drawings).
- (b) In respect of civil works the time interval referred to in Section 3.1 of the Guidelines, between the invitation to bid and bid opening, will be equal to at least 45 days. Bids will be accompanied by a bid bond or bank guarantee under Section 2.5 of Guidelines, which will be at least equal to 2% of the estimated contract price. The successful contractor will furnish a 100% performance bond or a bank guarantee at least equal to 10% of the contract price in accordance with Section 2.6 of the Guidelines, which bond or guarantee will remain in effect until one year after the completion of the works period specified in the contract. In addition, the contract will provide, under Section 4.5 of the Guidelines, for retention money at least equal to 5% of the amount payable to the contractor under each monthly invoice; amounts so retained will be paid to the contractor after the expiry of the warranty for defective work, which period will be equal to one year.

II. Before any of the contracts to be financed under this Agreement are awarded, the Borrower will submit to the Bank, for approval an official record of the opening of bids, the evaluation of the bids including the recommendations of consultants as to award, and the Borrower's comments thereon and proposals for award.

III. With respect to contracts for the purchase of materials and equipment

of less than \$100,000 equivalent, no international competitive bidding will be required.

IV. (a) For the procurement of: (i) port cargo handling equipment and spare parts therefor and (ii) diesel locomotives, requests for priced quotations may be restricted to same sources (suppliers or manufacturers) which provided the goods and materials similar to those included in items (i) and (ii) of this paragraph and are in use or are on order by the Nigerian Ports Authority and the Nigerian Railway Corporation on the date of this Agreement.

(b) For civil works contracts, bidding may be restricted to contractors registered in the Federal Ministry of Works and Housing's official register of contractors in accordance with the rules and regulations governing the said register.

(c) For the procurement of materials for the repair of sheds and warehouses in Port Harcourt, no international competitive bidding will be required if these materials are purchased from the same sources which provided the original materials. In the event the purchases are made from different sources, the priced quotations will be asked from not less than five different manufacturers in not less than five countries.

(d) For the procurement of prefabricated bridges and bridge materials priced quotations will be obtained from selected suppliers.

V. As soon as possible after the execution of any contract to be financed from the proceeds of the Loan and prior to the submission to the Bank of the first application for withdrawal of funds from the Loan Account in respect of the contract, a certified copy thereof will be sent to the Bank.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

GENERAL CONDITIONS, DATED 31 JANUARY 1969

GENERAL CONDITIONS APPLICABLE TO LOAN AND GUARANTEE AGREEMENTS

[Not published herein. See *United Nations, Treaty Series*, vol. 691, p. 300.]